ACCOUNTS COMMISSION ✔

457th meeting of the Accounts Commission for Scotland

**Thursday 9 May 2019, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh**

Agenda

1. **Apologies for absence.**

2. **Declarations of interest.**

3. **Decisions on taking business in private:** The Commission will consider whether to take items 15 to 18 in private (* see note).

4. **Minutes of meeting of 11 April 2019.**

5. **Minutes of meeting of Financial Audit and Assurance Committee of 25 April 2019.**

6. **Minutes of meeting of Performance Audit Committee of 25 April 2019.**

7. **Audit Scotland Board update:** The Commission will consider a report by the Secretary to the Commission.

8. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.

9. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.

10. **Draft Commission Annual Report 2019/20:** The Commission will consider a report by the Secretary to the Commission.

11. **Draft Commission Strategy 2019-24:** The Commission will consider a report by the Secretary to the Commission.

12. **Commission engagement strategy: report and update:** The Commission will consider a report by the Secretary to the Commission.

13. **Best Value Assurance Report schedule 2020:** The Commission will consider a report by the Director of Performance Audit and Best Value.

14. **Best Value Assurance Report: North Lanarkshire Council:** The Commission will consider a report by the Controller of Audit.

    The following items are proposed to be considered in private:*

15. **Best Value Assurance Report: North Lanarkshire Council:** The Commission will consider the actions that it wishes to take.

16. **Audit Scotland strategic planning update:** The Commission will consider a report by the Chief Operating Officer, Audit Scotland.

17. **Draft Audit Quality Annual Report:** The Commission will consider a report by Associate Director, Audit Quality and Appointments.

18. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 15 to 17 be considered in private because:

- Item 15 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.

- Item 16 is a discussion on matters relating to the Commission's relationship with Audit Scotland, which may involve confidential issues that the Commission would wish to consider in private.

- Item 17 proposes a draft report which the Commission is to consider in private before onward consideration by Audit Scotland Board.

- Item 18 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of 11 April 2019	AC.2019.5.1
Agenda Item 5: Report by Secretary to the Commission	AC.2019.5.2
Agenda Item 6: Report by Secretary to the Commission	AC.2019.5.3
Agenda Item 7: Report by Secretary to the Commission	AC.2019.5.4
Agenda Item 8: Report by Secretary to the Commission	AC.2019.5.5
Agenda Item 10: Report by Secretary to the Commission	AC.2019.5.6
Agenda Item 11: Report by Secretary to the Commission	AC.2019.5.7
Agenda Item 12: Report by Secretary to the Commission	AC.2019.5.8
Agenda Item 13: Report by the Director of Perofrmance Audit and Best Value	AC.2019.5.9
Agenda Item 14: Report by the Controller of Audit	AC.2019.5.10
Agenda Item 16: Report by Chief Operating Officer, Audit Scotland	AC.2019.5.11
Agenda Item 17: Report by Associate Director (Audit Quality and Appointments)	AC.2019.5.12

MEETING: 9 MAY 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 456th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 11 April 2019, at 10.15am.

PRESENT: Graham Sharp (Chair)
Andrew Burns
Andrew Cowie
Ronnie Hinds
Christine Lester
Tim McKay
Stephen Moore
Pauline Weetman
Sharon O'Connor
Sheila Gunn
Sophie Flemig

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Items 8 and 11)
Paul Craig, Senior Audit Manager, Audit Services (Item 9)
Fiona Daley, Consultant, AQA (Item 11)
Blyth Deans, Senior Auditor, Audit Services (Item 9)
Ffion Heledd, Audit Manager, PABV (Item 9)
Fiona Mitchell Knight, Audit Director, Audit Services (Item 9)
Paul O'Brien, Senior Manager, PABV - Professional Support (Item 8)
Richard Robinson, Senior Manager, PABV (Item 8)

Item No | Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 7 March 2019
5. Audit Scotland Board update
6. Update report by the Secretary to the Commission
7. Update report by the Controller of Audit.
8. Local Government Independent Auditors Reports
9. Best Value Assurance Report – Stirling Council
10. Best Value Assurance Report – Stirling Council (in private)
11. New Code of Audit Practice and audit procurement – arrangements (in private)
12. 2018/19 Equalities mainstreaming update (in private)
13. Commission business matters

1. Apologies for absence

    It was noted that Geraldine Wooley had submitted her apologies for absence.

2. Declarations of interest

    No declarations of interest were made:

3. Decisions on taking business in private

    It was agreed that items 10 to 12 be considered in private because:

    - Item 10 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.

    - Item 11 requires the Commission to consider confidential policy, business and commercial matters.

    - Item 12 proposes a draft report which the Commission is to consider in private before publishing.

    No business was notified by members for item 13 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 7 March 2019

    The minutes of the meeting of 7 March 2019 were approved as a correct record.

    Arising therefrom, in relation to item 10 (second bullet point), advice from the Secretary was noted that following discussion between him, the Chair and the Director of Audit Services, Tim McKay would act as sponsor for the scheduled housing benefit performance audit work.

5. Audit Scotland Board Update

    The Commission considered a paper providing an update on the recent activity of the Audit Scotland Board.

    Arising therefrom, in relation to item 11 of the minutes of the meeting of the Board of 29 January, advice from the Chair was noted that he had asked the Secretary to arrange a briefing for the Commission's committees on the work of Audit Scotland's Professional Support team.

    Action: Secretary

6. Update report by the Secretary to the Commission

    The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

    Following discussion, the Commission noted the report.

7. Update report by Controller of Audit

    The Commission noted a verbal update from the Controller of Audit on his recent activity.

8.   Local Government Independent Auditor's Report

The Commission considered a report by the Associate Director, AQA proposing a revised form of Independent Auditor's Reports in respect of local government bodies to apply from the 2018/19 financial year.

Following discussion, the Commission agreed:

- To approve the model form of Independent Auditor's Report that will apply with effect from the financial year 2018/19.

- To note that the model form of report would be provided to auditors in a technical guidance note.

Action: Associate Director, AQA

9.   Best Value Assurance Report – Stirling Council:

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report for Stirling Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

10.   Best Value Assurance Report – Stirling Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Stirling Council.

Following discussion, the Commission agreed to make findings, to be published on 25 April 2019.

Action: Secretary

11.   New Code of Audit Practice and Audit Procurement Arrangements (in private)

The Commission considered a report by the Secretary setting out arrangements considered by the Board of Audit Scotland for a new Code of Audit Practice and procurement of auditors from 2021 and seeking the Commission's view on relevant matters.

In discussion, the Commission agreed:

- To note the decision of Audit Scotland Board to approve the broad terms of arrangements for the development of a new Code of Audit Practice and for identifying a set of appointable auditors and noting that the Chair of the Commission reserved his position pending further consultation with members of the Commission.

- That further assurance be sought from Audit Scotland on contingencies in place in relation to various areas of risk in the exercise including:

    o   Capacity of Audit Scotland to deliver timetable

    o   Any communication required between the Commission and a new Auditor General.

Action: Chief Operating Officer, Audit Scotland

- That Audit Scotland share a project plan, including contingencies, with the Commission.

Action: Chief Operating Officer, Audit Scotland

- That Audit Scotland share the outcome of a previous exercise on value for money of Audit Scotland's Audit Services Group.

Action: Chief Operating Officer, Audit Scotland

- To defer consideration of Commission's oversight, governance and reporting arrangements in this regard, pending the further information from Audit Scotland set out above.

Action: Secretary

12. <u>2018/19 Equalities mainstreaming update (in private)</u>

The Commission considered a report by the Chair of Audit Scotland's Equality and Human Rights Steering Group seeking approval of the draft 2019 Mainstreaming Equality and Equality Outcomes progress report.

In discussion, the Commission agreed:

- To approve the draft report.

- That further consideration be given to the development of an outcome to address human rights and socio-economic inequality through audit work.

Action: Secretary and Chair of Audit Scotland Equalities and Human Rights Steering Group

13. <u>Commission business matters</u>

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 9 MAY 2019

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 25 APRIL 2019

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of 102 West Port, Edinburgh on Thursday 25 April 2019 at 10.00am.

PRESENT:	Pauline Weetman (Chair) Andrew Burns Sheila Gunn Ronnie Hinds Tim McKay Graham Sharp Geraldine Wooley
COMMISSION MEMBERS ALSO PRESENT:	Christine Lester (Items 5 to 9)
IN ATTENDANCE:	Paul Reilly, Secretary to the Commission Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV) (Items 4 to 7) Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 8) John Cornett, Audit Director, Audit Services (Item 4) John Gilchrist, Manager, AQA (Item 8) Fiona Kordiak, Director of Audit Services (Items 5, 6 and 7) Anne MacDonald, Senior Audit Manager, Audit Services (Item 4) Paul O'Brien, Senior Manager, Professional Support (Item 6) Owen Smith, Senior Manager, AQA (Item 8)

Item No   Subject

1.   Apologies for absence
2.   Declarations of interest
3.   Minutes of meeting of 21 February 2019
4.   Current issues in councils
5.   Account and auditing report – six monthly update
6.   Loan fund repayments update
7.   Consultation: CIPFA Financial Management Code – proposed response
8.   Audit quality report Q3/4
9.   Any other business

1.   Apologies for absence

It was noted that apologies for absence had been received from Sharon O'Connor.

2.   Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in item 4, as former chief executive of Fife Council, in relation to references to Fife Council.

3.   Minutes of meeting of 21 February 2019

The minutes of the meeting of 21 February 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, advice from the Secretary was noted that:

- In relation to item 3, second bullet point, having been agreed with the Committee Chair, there would be no further engagement sessions with auditors at meetings of the Committee, given the proximity to the impending procurement exercise in relation to appointing a new round of auditors for a new Code of Audit Practice.

- In relation to item 6, he had agreed with the Commission Chair and the chairs of the two Commission committees that the next report of risk matters to committees would be at the September meetings of the committees, in order to reflect discussions in this regard at the Commission's recent strategy seminar.

- In relation to item 9, that he was discussing with the Associate Director, AQA, the future reporting to the Commission of papers in relation to various ongoing reviews of the commercial audit sector and audit regulation, in order that these are considered by the Commission as part of the impending procurement exercise in relation to appointing a new round of auditors for a new Code of Audit Practice.

4.   Current audit issues in councils

The Committee considered a report by the Controller of Audit on emerging issues and recurring themes, as well as individual issues of interest, in Scottish councils.

During discussion, the Committee:

- Noted advice from the Controller of Audit, in response to a query from Ronnie Hinds, that the Commission's continued desire in being assured about the performance of integration joint boards (IJBs) would remain a focus of his work, reporting to the Commission as required, including ensuring that it is a focus of his review of IJB annual audit reports for 2018/19 and his subsequent annual assurance and risks report, to be reported to the Commission in early 2020.

- Noted advice from the Director of Audit Services, in response to a query from Tim McKay, that staff reductions in councils remained a significant ongoing risk, thus subject to ongoing monitoring by auditors.

- Noted advice from the Controller of Audit, in response to a query from various members, that he was continuing to monitor various matters around the implementation of equal pay in Glasgow City Council.

Following discussion, the Committee noted the report.

5   Accounting and auditing report – six monthly update

The Committee considered a paper by the Director, Audit Services, informing members of the main accounting and auditing developments since the previous paper in November

Following discussion, the Committee noted the report.

6.   Loan Fund repayment - update

The Committee considered a report by the Director, Audit Services, updating members on the issue of councils reprofiling the repayment of their loans fund advances, which had been brought to the committee's attention previously in a paper presented to its February meeting.

During discussion, the Committee noted advice from the Director that she would continue to keep the Secretary, Commission Chair and Commission updated as appropriate.

Action: Director, Audit Services

Following discussion, the Committee noted the report.

7.   CIPFA Financial Management Code – proposed response

The Committee considered a report by the Director, Audit Services, proposing a Commission response – made jointly with Audit Scotland - on the consultation by the Chartered Institute of Public Finance Accountants on its proposals to introduce a Financial Management Code for local government.

Following discussion, the Committee agreed the proposed terms of the response and agreed that the Director agree a final draft of the response with the Commission Chair and Commission committee chairs for approval.

Action: Director, Audit Services

8.   Audit quality report – Q3/4

The Committee considered a report by the Associate Director, Audit Quality and Appointments, presenting work carried out to monitor the quality of audit performed by all audit providers between October 2018 and March 2019.

During discussion, the Committee:

- Agreed to note advice from the Associate Director that the Commission's committees had endorsed in November 2018 the proposed approach to quality standards for performance audit and Best Value auditing work.

- Agreed to defer consideration of future quality reporting arrangements to a future meeting, pending further discussion between the Associate Director, AQA and the Secretary.

- Agreed to note advice from the Committee Chair that the Commission's committees would have a prominent role in a proposed review of the audit quality framework, as proposed by the Associate Director, in late 2019.

- Agreed that the Associate Director provide more detailed stakeholder feedback results to the Commission as part of its consideration of the annual audit quality report at its next meeting.

- Noted advice from the Associate Director, in response to a query from Ronnie Hinds, that she would be discussing further with audit providers the implications of, and response to, auditor feedback.

Action: Associate Director, AQA

- Noted advice from the Associate Director, in response to a query from the Secretary, that she would report back on the implications of the report on the forthcoming auditor procurement exercise.

Action: Associate Director, AQA

- Noted advice from the Committee Chair on the potential future use by the Committee of individual audit providers' annual audit quality reports.

- Noted advice from the Secretary, in response to a query from the Committee Chair, that the use by AQA of the notes of meetings between the Commission and individual councils - which follow publication of Best Value Assurance Reports and findings – would be advised appropriately to councils as part of these meetings.

Action: Secretary

Following discussion, the Committee:

- Endorsed the report, including its main conclusion that the Commission can get assurance about the good quality of audit work which requires limited improvements, with specific areas required to improve compliance with international accounting standards, particularly around documentation, sampling method and sizes and the use of analytical procedures.

- Noted that AQA will communicate findings with auditors and request action plans for areas of improvement identified.

- Noted that the Commission will consider at its May meeting the draft annual audit quality report, on which it can form a view on its assurance of audit quality, to be reported in the Commission annual report, which will also be considered at the same meeting.

Actions: Secretary and Associate Director, AQA

9.   <u>Any other business</u>

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 9 MAY 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 25 APRIL 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh on Thursday 25 April 2019, at 14.00.

PRESENT:	Ronnie Hinds (Chair)
	Andrew Cowie
	Christine Lester
	Stephen Moore
	Sophie Flemig
	Graham Sharp
COMMISSION MEMBERS ALSO PRESENT:	Andrew Burns
	Pauline Weetman
	Geraldine Wooley (Item 7)
IN ATTENDANCE:	Paul Reilly, Secretary to the Commission
	Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
	Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 8)
	Antony Clark, Audit Director, PABV (Items 4, 5 and 7)
	John Gilchrist, Manager, AQA (Item 8)
	Graeme Greenhill, Senior Manager, PABV (Item 6)
	Tricia Meldrum, Senior Manager, PABV (Item 5 and 7)
	Mark Roberts, Senior Manager, PABV (Item 5)
	Owen Smith, Senior Manager, AQA (Item 8)
	Rebecca Smallwood, Senior Auditor, PABV (Item 7)
	Sally Thompson, Audit Manager, PABV (Item 6)

Item no.	Subject
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 21 February 2019
4.	Work programme update
5.	Policy briefing: Justice, education and lifelong learning
6.	Performance audit: emerging messages – Scotland's city region and growth deals
7.	Scoping paper: Early Learning and Childcare
8.	Audit quality report – Q3/4
9.	Any other business

1.   Apologies for absence

It was noted that no apologies for absence had been received.

2.   Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in item 6, as a non-executive director of the Scottish Government.

3.   Minutes of meeting of 21 February 2019

The minutes of the meeting of 21 February 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, advice from the Secretary was noted that:

- In relation to item 4, a discussion on how criminal justice matters feature in the work programme would take place as part of item 5 on the agenda.

- In relation to item 6, he had agreed with the Commission Chair and the chairs of the two Commission committees that the next report of risk matters to committees would be at the September meetings of the committees, in order to reflect discussions in this regard at the Commission's recent strategy seminar.

4.   Work programme update

The Committee considered a report by the Director of PABV on progress with the range of performance audit work carried out on behalf of the Accounts Commission and Auditor General.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Andrew Cowie, on the resource implications of promotional and engagement activities around published reports, on which the Commission has maintained an interest.

- Noted advice from the Secretary that he was discussing with the Director the format of the proposed programme development output on community empowerment.

- Noted the revised scheduling of the performance audit on revenue financing of assets, to be considered by the Commission at its June meeting.

- Noted ongoing engagement work with stakeholders on the work programme which had been published on 26 March.

Following discussion, the Committee noted the report.

5.   Policy briefing: Justice, education and lifelong learning

The Committee considered a report by the Director of PABV introducing a briefing for the justice, education and lifelong learning policy cluster.

During discussion, the Committee:

- Noted advice from the Director that he is currently considering how to feature criminal justice issues in proposed audit work, including the planned

performance audits in relation to community justice and digital policy and
practice, upon which he would report further to the Committee.

Action: Director of PABV

- Agreed further in this regard that the Director share with the Committee any
briefing material produced for the Auditor General.

Action: Director of PABV

- Agreed that a future lunchtime speaker session be devoted to involvement of
young people in audit.

Action: Secretary

- Agreed that further thought be given to the risk of deteriorating citizen trust in
public policy and citizen disengagement, both in terms of audit risk and
business risk to the Commission.

Action: Secretary and Director of PABV

- Noted advice from the Director, in response to a query from Andrew Cowie,
that he would raise matters around risks relating to information technology
projects in public agencies with the team taking forward the performance audit
for the Auditor General on enabling digital government.

- Noted advice from the Director, in response to a query from Andrew Cowie, on
engagement by the Scottish Police Service in community planning across the
country.

- Noted advice from the Director, in response to a query from Ronnie Hinds,
that he would provide further information on the responsibilities of the Auditor
General in relation to non-incorporated colleges.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

6.   Performance audit: emerging messages – Scotland's city region and growth deals

The Committee considered a report by the Director of PABV proposing the emerging
messages for the performance audit, jointly with the Auditor General, on Scotland's
city region and growth deals.

Following discussion, the Committee:

- agreed the emerging messages, subject to the audit team addressing in
conjunction with the audit sponsors, Andrew Burns and Pauline Weetman, the
matters raised in discussion.

- agreed to consider a draft report at its meeting in September 2019.

Actions: Director of PABV and Secretary

7.   Performance audit: scope - Early learning and childcare (part 2)

The Committee considered a report by the Director of PABV proposing the approach
to the performance audit, in conjunction with the Auditor General, on early learning
and childcare (part 2).

Following discussion, the Committee approved the approach proposed in the report,
including the proposed audit scope leaflet for publishing, subject to the audit team
addressing, in conjunction with the audit sponsors, Sophie Flemig and Geraldine
Wooley, the matters raised in discussion.

8.   Audit quality report Q3/4

The Committee considered a report by the Associate Director, Audit Quality and Appointments, presenting work carried out to monitor the quality of audit performed by all audit providers between October 2018 and March 2019.

During discussion, the Committee:

- Agreed to note advice from the Associate Director that the Commission's committees had endorsed in November 2018 the proposed approach to quality standards for performance audit and Best Value auditing work.

- Agreed to defer consideration of future quality reporting arrangements to a future meeting, pending further discussion between the Associate Director, AQA and the Secretary.

- Agreed to note advice from the Chair of Financial Audit and Assurance Committee on its consideration of the paper at its earlier meeting, including noting that the Commission's committees would have a prominent role in a proposed review of the audit quality framework, as proposed by the Associate Director, in late 2019.

- Agreed that the Associate Director provide more detailed stakeholder feedback results to the Commission as part of its consideration of the annual audit quality report at its next meeting.

- Noted advice from the Associate Director, in response to a query from Sophie Flemig, that she would be discussing further with audit providers the implications of, and response to, auditor feedback.

Action: Associate Director, AQA

- Noted advice from the Secretary, in response to a query from Andrew Cowie, that the use by AQA of the notes of meetings between the Commission and individual councils - which follow publication of Best Value Assurance Reports and findings – would be advised appropriately to councils as part of these meetings.

Action: Secretary

- Noted advice from the Associate Director, in response to a query from Stephen Moore, on errors identified in prior period adjustments in accounts.

- Noted the positive assessment in the report of how auditors demonstrated how they added value in their audit work.

Following discussion, the Committee:

- Endorsed the report, including its main conclusion that the Commission can get assurance about the good quality of audit work which requires limited improvements, with specific areas required to improve compliance with international accounting standards, particularly around documentation, sampling method and sizes and the use of analytical procedures.

- Noted that AQA will communicate findings with auditors and request action plans for areas of improvement identified.

- Noted that the Commission will consider at its May meeting the draft annual audit quality report, on which it can form a view on its assurance of audit quality, to be reported in the Commission annual report, which will also be considered at the same meeting.

Actions: Secretary and Associate Director, AQA

9.   <u>Any other business</u>

The Chair, having advised that there was no business for this item, closed the meeting.

ACCOUNTS COMMISSION ✓

MEETING: 9 MAY 2019

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to "provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions".[1]

3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.[2] These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.[3]

4. As well as being a member of Audit Scotland's Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.

5. In *Public Audit in Scotland*[4], the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that "by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies."

6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from the meeting of the Audit Scotland Board, in this case the meeting of 18 March 2019. They are attached in Appendix 1.

8. The most recent meeting of the Board was on 1 May 2019, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 5 June 2019 and considered by the Commission at its August meeting.

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[1] Public Finance and Accountability (Scotland) Act 2000, Section 10(3).
[2] Public Finance and Accountability (Scotland) Act 2000, Section 10(2).
[3] The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland's proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor's report before the Parliament; and (d) appoint three of the five members of Audit Scotland's Board , including its Chair.
[4] *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agenda for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 2. The Chair will provide a verbal update on any relevant business for members' interest, and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
1 May 2019

Minutes

Monday 18 March 2019, 10.45am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Ian Leitch (Chair)
Caroline Gardner
Graham Sharp
Heather Logan
Alan Alexander

Apologies:

None

In attendance:

Diane McGiffen, Chief Operating Officer
Martin Walker, Assistant Director, Corporate Performance and Risk
Joy Webber, Senior Executive Assistant
Stuart Dennis, Corporate Finance Manager
Simon Ebbett, Communications Manager
Anthony Clark, Audit Director, Performance Audit and Best Value
Elaine Boyd, Associate Director, Audit Quality and Appointments
Owen Smith, Senior Manager, Audit Quality and Appointments

1. Welcome and apologies

The Chair welcomed members and attendees to the meeting of the Audit Scotland Board, the agenda and papers for which had been published on Audit Scotland's website on Wednesday 13 March 2019.

2. Declarations of interest

There were no declarations of interest.

3. Decision on items to be taken in private

The Board agreed the items to be taken in private.

4. Chair's report

Ian Leitch provided a verbal update of meetings with Diane McGiffen on general business matters and of meetings with the Scottish Commission for Public Audit on succession planning for Audit Scotland's Board in 2020 including the potential to co-opt new members.

The Board welcomed the potential for the co-option of new members to enable a smooth transition in advance of their formal appointment.

5. Accountable Officer's report

Caroline Gardner invited the Board to note recent Public Audit and Post Legislative Scrutiny committee (PAPLS) sessions including the joint evidence session with the National Audit Office (NAO) on Scottish income tax and the session on the Scottish Social Services Council. She also updated the

Board on PAPLS post legislative scrutiny work on **The Control of Dogs (Scotland) Act 2010** and its consideration of the coverage of Freedom of Information legislation.
Caroline advised that the Audit and Accountability framework was issued on 27 February 2019 and a report to the Board is scheduled for 1 May 2019.

Caroline invited the Board to note that the UK Government has opened a consultation following the recommendations within the recent Kingman report around the process of establishing a new regulatory body. Caroline also invited the Board to note the NAO have issued an updated Code of Audit Practice for consultation.

The Chair and Alan Alexander noted Audit Scotland's contribution to the Audit and Accountability Framework and asked whether Audit Scotland will be responding to the forthcoming consultation Caroline advised that submissions were made to both the CMA and Kingman reviews and confirmed that Fiona Kordiak will consider the consultation on regulation and make a decision on whether to respond in early course.

Caroline advised of her appointment as professional assessor for the State of Jersey in its recruitment of an Auditor General.

Caroline advised members of the positive feedback following the Audit Scotland conference on 30 January 2019 and thanked the Chair and Graham Sharp for their participation.

Caroline invited members to note that since the report advising of the results from the Best Companies survey in January 2019, Audit Scotland had received the award for being a Top 100 Best 'Not for profit' organisation to work for.

The Board welcomed the update.

6.   Accounts Commission Chair's report

Graham Sharp invited the Board to note that at its last meeting on 7 March 2019 the Accounts Commission had considered the Best Value assurance report for South Lanarkshire Council and received a briefing on drugs and alcohol services.

Graham advised that the Accounts Commission Strategy seminar had taken place on 12 and 13 March 2019 where it had considered challenges facing local government and had welcomed the value of meeting in a less formal setting. Graham advised there were a number of outputs from the strategy session which would be considered at the meeting of the Accounts Commission on 11 April 2019 and that these would be shared with the Board in due course. In addition, the Board noted the Accounts Commission will consider the Best Value Assurance report for Stirling Council at its meeting in April.

Graham invited members to note the forthcoming publication of the local government overview report together with the guidance note on how Councils work to safeguard public money following on from previous guidance issued for ALEOs.

The Board welcomed the update.

7.   Review of minutes: Board meeting 29 January 2019

The Board considered the minutes of the meeting of 29 January 2019, which had been previously circulated, and agreed that these were an accurate record.

8.   Review of actions tracker

The Board noted the updates provided by the action tracker.

Diane McGiffen invited members to consider the outcome from the Board development session on 8 February 2019. The members agreed they would welcome a further discussion once the outputs arising had been circulated.

Action ASB87: Diane McGiffen to circulate the output from the Board development session on 8 February 2019. (April 2019)

9. Q3 Financial performance report

Stuart Dennis, Corporate Finance Manager joined the meeting.

Stuart Dennis, Corporate Finance Manager, introduced the Q3 Finance performance report, which had been previously circulated.

Stuart invited members to note the financial performance report for the period to 31 December 2018 and welcomed any questions.

Graham Sharp sought assurance around how management accounting monitors the cost and efficiency of audit work. Stuart advised this is based around the number of audit days planned and where there is an increase in the number of days worked which might impact on the audit fee, this is reviewed by Audit Quality and Appointments. In terms of setting an audit fee, Stuart advised that this is done by estimating the number of days required to do the audit work taking account of the previous year's audit as well as opportunities to bring efficiencies into play. Graham asked if it was possible to compare the number of days for audit work undertaken in-house to the Firms. Diane McGiffen advised that the Audit Services management team review resourcing and planned work in progress on a monthly basis and confirmed that the Firms operate on an output-based contract. Diane informed the Board that Audit Scotland undertakes a reconciliation exercise at the end of each audit year. The members agreed it would be helpful to gain a sound understanding of the fee setting as part of the procurement strategy in advance of the next appointment round together with benchmarking undertaken with other agencies and audit providers.

Alan Alexander asked whether the Management Contingency budget was sufficient and Stuart confirmed it was.

The Board welcomed the report.

Action ASB88: Stuart Dennis to liaise with Audit Quality and Appointments to provide a briefing on fee setting as part of the forthcoming procurement strategy. (May 2019)

Stuart Dennis, Corporate Finance Manager left the meeting.

10. Q3 Corporate performance report

Martin Walker, Assistant Director joined the meeting.

Martin Walker introduced the Q3 Corporate performance report, which had been previously circulated.

Martin invited the Board to note the good performance reported overall and highlighted the increase in statutory reporting, the level of social media coverage, the new products provided by way of briefings on New financial powers and Audit Scotland's best ever Best companies survey results. In addition, Martin advised that Audit Scotland was currently operating below its carbon emission target.

Graham Sharp asked how Audit Scotland can deliver continued improvement. Martin advised corporate performance is considered at the Performance Risk Management Group before reporting to Management Team each quarter with a review annually to change targets where required.

Heather Logan noted the references to the Performance Management Framework and asked whether it was acceptable to have this captured as an action given its current status. She also noted that Audit Scotland were operating over establishment and performance status was green overall but queried where the pressure to meet demand was being felt. Martin advised that while the metrics are all green there are hotspots in some areas of the organisation to deliver outputs. Diane McGiffen advised that the increased number of statutory reporting was a factor

together with the impact of recruitment and onboarding and the time lag for new colleagues to reach full capacity.

Heather queried the value of investment in social media for audit reporting. Martin advised that this had provided an additional communication channel for the Accounts Commission to extend visibility and engagement in local communities and that continued investment will be considered as part of the refresh of the Communications and Engagement Strategy.

Heather asked about our investment in the Youth Panel and Diane McGiffen advised that the meetings had been organised by Youth Scotland which typically take place on a Saturday. Audit Scotland support these meetings as part of our commitment to the International Year of Young People with panel members attending from around Scotland.

Following discussion, the Board welcomed the report.

11. Q3 Becoming world class improvement programme report

Martin Walker introduced the Q3 Becoming world class improvement programme report, which had been previously circulated.

Martin invited the Board to note the good progress reported overall and highlighted that some of the digitally enabled projects were being re-prioritised and rescheduled. He advised that Management Team had considered a report on 12 March 2019 which considered the projects underway together with the key risks to deliver which included three upgrades to existing systems.

The Board noted that the objectives of the Performance Management Framework (PMF) project remain the same but that the timeline has moved to reflect the availability of the new time recording and HR systems with the PMF coming later in 2019.

Heather Logan asked about Key Performance Indicators and Martin advised of a wide range of measures in place. The PMF would replicate those measures and allow for more timely and efficient reporting. Martin advised a further report was due to be considered by Management Team in April 2019 and agreed to share with members the report considered by Management Team on 12 February 2019 which reported on the PMF and the report discussed with Management Team on 12 March 2019 on the projects overall.

Diane McGiffen provided assurance to the Board of the robustness of performance reporting currently with the objective for the PMF built around a shared vision of the business groups to deliver more real time data reporting. She invited the Board to note that Audit Scotland haven't committed any expenditure beyond the consultancy work as there are several interdependencies, including suppliers issuing upgrades to current systems and changes to licences which had driven the need to rephrase the project.

The Board welcomed the update.

Action ASB89:   Martin Walker to circulate the reports considered by Management Team on 12 February 2019 and 12 March 2019 to members for their information. (March 2019)

12. 2018/19 Audit Scotland Annual report

Simon Ebbett, Communications Manager joined the meeting.

Simon Ebbett, Communications Manager, introduced the 2018/2019 Audit Scotland annual report, which had been previously circulated.

Simon Ebbett invited the Board to consider, comment and approve the proposed structure of the 2018/19 Audit Scotland annual report.

The Board considered the refinement of the proposed structure for Audit Scotland's annual report and approved the format for this year.

Simon Ebbett, Communications Manager, left the meeting.

13. 2018/19 Operational budget

Stuart Dennis, Corporate Finance Manager, re-joined the meeting.

Stuart Dennis, Corporate Finance Manager, introduced the 2018/2019 Operational budget report, which had been circulated previously.

Stuart Dennis invited the Board to approve the 2019/20 operational budget.

The Board welcomed the report and approved Audit Scotland 2019/20 Operational budget.

Stuart Dennis, Corporate Finance Manager, left the meeting.

14. Business continuity planning: EU withdrawal

Simon Ebbett, Communications Manager, re-joined the meeting.

Martin Walker and Simon Ebbett introduced the Business continuity planning: EU withdrawal report, which had been previously circulated.

Martin Walker provided an overview of preparedness planning and communications and invited the Board to consider and discuss the business continuity arrangements in place and those under development.

The Board welcomed the assurance around Audit Scotland's preparedness to respond to issues arising from the EU withdrawal, given the scenario planning undertaken to consider the impact of major disruption to public bodies and the requirement for the audit function to continue.

Simon Ebbett, Communications Manager, left the meeting.

15. Work programme and publication schedule

Antony Clark, Audit Director, Performance Audit and Best Value, joined the meeting.

Antony Clark, Audit Director, Performance Audit and Best Value, introduced the Work programme and publication schedule, which had been previously circulated.

Antony invited the Board to note the approved five year work programme and indicative publication schedule for the next two years.

Heather Logan asked if there were increased outputs compared with the previous two years. Antony advised they were broadly similar with 60 outputs.

The Board welcomed the report.

Antony Clark left the meeting.

16. Any other business

There was no further business.

17. Review of meeting

The members agreed that items of business had been carefully considered and the Chair thanked everyone for their contributions.

18. Date of next meeting

It was noted that the next Audit Scotland Board meeting was scheduled for 1 May 2019 in the offices of Audit Scotland, 102 West Port, Edinburgh.

Items taken in private

19. Medium term financial plan 2019-20 to 2023-24

Stuart Dennis, Corporate Finance Manager, re-joined the meeting.

Stuart Dennis introduced the Medium term financial plan 2019-20 to 2023-24 report, which had been previously circulated. Stuart invited the Board to note this report is a tool to provide a view of the potential risks and challenges to the medium term financial plan.

Alan Alexander had a number of comments and acknowledged that the amount of detailed monitoring required will be quite challenging. Alan asked whether pension costs could be quantified. Stuart advised that there is an annual valuation and forecast for the following year used to inform Audit Scotland's funding request to the Scottish Commission for Public Audit. The Board noted the potential impact of a changeable discount factor can have a significant impact on any funding required and the potential effect of the EU withdrawal on markets may also have an impact. The Board also noted that the biggest variance to financial planning is the pay bill.

The Board discussed whether it would be prudent for Audit Scotland to make a case for holding reserves or requesting additional funding given the level of uncertainty and recognising the potential loss of EAFA audit work. Caroline Gardner advised that the UK government had indicated that it would still require audit work, but it is unlikely to be at the same level as is currently the case. The Board noted that previous budget submissions have highlighted these risks with the SCPA.

Alan Alexander queried whether the report would go into the public domain and Stuart advised that the purpose of this report is to provide assurance to the Board of the planning underway and that it informs the budget submission process each year, which is in the public domain.

Alan Alexander also asked if Audit Scotland had compared the professional qualification of ICAS with other providers to see if this represents good value for money. Diane McGiffen confirmed Audit Scotland had previously used CIPFA and feedback on the quality of delivery from trainees had informed the options appraisal. She advised that the ICAS qualification is more transferable and this is attractive to candidates and noted that the Human Resources and Remuneration is currently reviewing the ICAS scheme to gather evidence of performance and we will include a comparison with CIPFA when reporting.

The Board welcomed the report and the proposal to review the medium term financial plan each year with any urgent business scheduled as required.

Stuart Dennis left the meeting.

20. Preparations for audit procurement: Key milestones and context

Elaine Boyd, Associate Director and Owen Smith, Senior Manager, Audit Quality and Appointments, joined the meeting.

Diane McGiffen introduced the Preparations for audit procurement: key milestones and context report, a copy of which had been previously circulated.

Diane invited the Board to note the briefing on the previous procurement exercise, consider the options set out at Appendix 3 and approve the outlines scope and proposed timetables for the three inter-linked projects:

- 2020 Code of Audit Practice

- Procurement strategy
- Audit tender and appointments.

Diane drew the Board's attention in particular to the options set out in paragraph 24 of Appendix 3 on the options for developing a steering group for the projects or allocating time at existing Board and Accounts Commission meetings.

The Board discussed the timetable for the projects and whether the timescales could be shortened. Diane advised that the lessons learned report from the previous procurement exercise had highlighted the need to provide early and ongoing engagement with key stakeholders over a longer period and that the proposed timeline reflected that lesson.

Graham Sharp asked how the timetable reflected the appointment of a new Auditor General. Caroline Gardner advised that the Scottish Parliament is planning for the appointment process and that Audit Scotland is developing a transition plan. She advised that the new Auditor General may be designated at least three months before taking up post, and so could be involved in discussions at that stage, and that her term of office runs until 30 June 2020. Diane also advised that, as set out in paragraph 4 of the report, there is other turnover at Board level in 2020, so the timetable for the projects has been developed to capitalise on current knowledge and experience.

Graham Sharp asked about involvement in the drafting of the Code of Audit Practice and Elaine confirmed that once the timetable and governance arrangements were in place, there would be ongoing involvement for Graham and the Commission in the development of the Code, as set out in the report.

The Chair invited the Board to approve the project timetables and creation of a project steering group as set out in the report. The Board approved both recommendations, with Graham Sharp reserving his position pending further consultation with members of the Accounts Commission.

Elaine Boyd, Associate Director and Owen Smith, Senior Manager, Audit Quality and Appointments, left the meeting.

21. Corporate plan update 2019/20

Martin Walker introduced the Corporate plan update 2019/20, which had been previously circulated.

Martin Walker invited the Board to consider and approve the proposed refresh of the Corporate Plan for 2019/20.

The Board welcomed the report and approved the proposed refresh of the Corporate Plan for 2019/20.

Agenda

AUDIT SCOTLAND

Wednesday 1 May 2019 at 10.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

1.	Welcome and apologies	
2.	Declarations of interests	
3.	Decision on items to be taken in private	For approval

Standing items

4.	Chair's report – verbal update	For information
5.	Accountable Officer's report – verbal update	For information
6.	Accounts Commission Chair's report – verbal update	For information
7.	Review of minutes: Board meeting 18 March 2019	For approval
8.	Review of action tracker	For information

Strategy and planning

9.	Audit and Accountability framework update	For information
10.	EU Withdrawal – verbal update	For information

Business management

11.	Information security management policy review	For approval
12.	Data protection policy	For approval
13.	2018/19 Accounting policies, key accounting estimates and judgements	For approval
14.	Equality outcomes and mainstreaming progress report	For approval
15.	Strategic improvement programme 2019-2021 and the Performance management framework project	For information
16.	Review of audit market - update	For information

Conclusion

17. Any other business

18. Review of meeting

19. Date of next meeting: 5 June 2019

Items to be taken in private

20. Draft Corporate plan update 2019/20   For approval

[Item to be taken in private to support the effective conduct of
business, intended for future publication]

21. Communication and engagement strategy review   For discussion

[Item to be taken in private to support the effective conduct of
business]

22. Preparations for audit procurement: project update   For discussion

[Item to be taken in private to support the effective conduct of
business and due to commercial sensitivity]

MEETING: 9 MAY 2019

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

1.   The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.

2.   The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.

3.   The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4.   On 11 April the Accounts Commission published the 'How councils work - Safeguarding public money: are you getting it right?' report. The report expressed how the need for robust scrutiny of financial management at councils is more important now than ever before. Although the report found good practices of effective financial management within certain councils, it also raised concerns about where systems may be under strain. The report contains a checklist to help councillors effectively scrutinise how councils are managing their risks and key internal controls.

5.   On 25 April the Accounts Commission published the Best Value Assurance Report for Stirling Council. The Commission concluded that Stirling Council's services largely perform well, and the council manages its resources effectively. The Commission also recommended that Stirling Council now needs to get better at identifying where and how it needs to change to meet future challenges.

6.   On 2 May, the Auditor General published a performance audit on social security. She concluded that the Scottish Government has done a good job of delivering its first set of devolved benefits, but the real challenge is still to come. Carers and new parents successfully received payments in 2018 and the country's new benefits agency, Social Security Scotland, was set up. But bringing in early benefits was harder than expected. The Auditor General says the government does not yet have a clear picture of what will be needed to make the next, much more complex, set of benefit payments. Constant short-term pressures and a high pace of work has left civil servants little time to pause and refocus their activity, which poses risks to the overall delivery of future benefits.

7.   Audit Scotland collects media coverage on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the key media stories

. Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet.

8. The download statistics of the reports published over the last 12 months (as at 26 April) are set out in **Appendix 1**.

Issues affecting local government

Scottish Government

9. On 31 March the Scottish Government announced increased support for people with autism. In partnership with Queen Margaret University, a National Autism Implementation Team will work across children and adults' services to improve the diagnosis process and care pathway for autism and other neurodevelopmental conditions, such as ADHD. To improve wider understanding of the condition, a public awareness campaign will also be launched which will encourage people to see autism as a different way of thinking, rather than a disorder than can be cured.

10. On 3 April the Scottish Government announced that a new specific offence for littering from a car will be introduced as part of the Circular Economy Bill. While it is already an offence to drop litter anywhere in Scotland, the plans follow a similar move in England last year, where local authorities were given new powers to use increased littering penalties against vehicle owners if it was proved litter was thrown from their car.

11. On 5 April the Scottish Government announced a package of support to help encourage EU citizens to continue to live in Scotland. The package includes £250,000 of community-based resources and an advice service from Citizens Advice Scotland. The First Minister wrote an open letter to EU citizens in Scotland, informing them of the resources available to them. The Scottish Government has confirmed that tuition fees and living cost support will continue to be available to eligible UK nationals returning to study in Scotland from the EU, EEA and Switzerland for seven years after Brexit.

12. On 8 April the Scottish Government announced it will not proceed with its UK Withdrawal from the European Union (Legal Continuity) (Scotland) Bill. A Supreme Court judgment last year concluded that the UK Government had retroactively limited the Scottish Parliament's ability to legislate on the issues covered by the Bill. Scottish Ministers will instead bring forward new legislation to ensure alignment with EU law, including on human rights and environmental regulations.

13. On 8 April the Scottish Government launched a consultation to help inform Scotland's first national islands plan. The Scottish Government consultation asks island residents to share opinions on the specific challenges they face, such as population retention, connectivity, economic development, housing and transport links. The government is also keen to hear the positives of island life, as well as examples of good practice where policy works well, ensuring the plan takes into account all aspects of life in Scotland's island communities.

14. On 8 April the Scottish Government produced the local authority budget allocation figures for the Scottish Welfare Fund 2019-2020.

15. On 16 April the Scottish Government published the third annual statistical analysis of Social Tenants in Scotland. It presents an overview of social tenants and social rented housing in Scotland for the year 2017, covering information on stock, households, housing flows, and rents and incomes.

16. On 17 April the Scottish Government announced that the managing agent for the Warmer Homes Scotland initiative, Warmworks, has been awarded £38 million to

continue to deliver the government's fuel poverty scheme over the next two years. The Scottish Government claims that since Warmworks was launched in 2015, 15,000 people across Scotland have been assisted in a variety of way to make their homes energy efficient, with households saving an average of over £300 per year on their energy bills. People at risk of fuel poverty are eligible through the scheme to have improvements made to their property such as new heating systems and insulation.

17. On 18 April First Minister Nicola Sturgeon MSP announced the expansion of a project to reduce Scotland's skills gap by formally recognising and accrediting the skills and qualifications of people from overseas. The initiative will support employers by helping migrants transfer training gained in other countries into UK-recognised qualifications across key sectors. The programme is intended to address skill shortages by removing unnecessary barriers for migrants.

18. On 18 April the Scottish Government has published its annual progress report on infrastructure investment. Of the £1.4bn spent through the investment plan, 19 schools received funding, along with railway lines and local healthcare facilities.

19. On 18 April John Swinney MSP, Cabinet Secretary for Education, announced that the Scottish National Standardised Assessment would be reformed following feedback received from Primary 1 teachers. The changes are a result of the P1 Practitioner Forum report that was published.

20. On 24 April the Scottish Government published an Independent Strategic Outline Case exploring how best to oversee the delivery of the Energy Efficient Scotland programme. It references the 2016-17 local government overview report from the Accounts Commission.

21. On 24 April the Scottish Government published its report on waste markets. The report identified several shortfalls across local authorities in the handling of waste once a landfill ban comes into place. The Commission has programmed a joint performance audit with the Auditor General on waste management, to report in 2020/21.

22. On 24 April the Scottish Government launched the 'Strengthening Fire Safety for High Rise Domestic Buildings' consultation. This consultation is gathering information and views from the public on proposed actions that could be taken to strengthen fire safety for people who live in high rise domestic buildings. The proposed actions are aimed at delivering the five recommendations from the Review of the Fire Safety Regime for High Rise Domestic Buildings in Scotland. These were agreed by the Scottish Government Ministerial Working Group on Building and Fire Safety that was set up following the tragic fire at Grenfell Tower. The consultation closes on 17 July. It is proposed not to respond to this consultation.

23. On 24 April John Swinney MSP, cabinet secretary for education, launched the Youth Work and Schools Partnership programme. This pilot project seeks to improve the partnership working between schools and youth work organisations to help close the attainment gap. The programme will offer young people the opportunity to develop relationships with trusted adults and provide learning opportunities outwith the home and school environment. The Commission has programmed a joint performance audit with the Auditor General on educational outcomes, to report by June 2020.

24. On 24 April the Scottish Government published its Third Annual Report on the Implementation of the Scotland Act 2016. Audit Scotland and the Auditor General were mentioned throughout. The report is intended to inform the Parliament and wider public of the implementation work that has been carried out on fiscal powers in the Scotland Acts 2012 and 2016.

25.   On 26 April the Scottish Government [announced](#) that four programmes across Scotland will share £3.4 million to help support their mentoring work for people that are leaving prison. The programmes that will receive additional funding are: New Routes Public Service Partnership, Shine Public Sector Partnership, Moving On Public Sector Partnership and Low Moss Public Sector Partnership.

Scottish Parliament

General

26.   On 1 April the Scottish Parliament's Information Centre (SPICe) [published](#) its 'Transitions of young people with service and care needs between child and adult services in Scotland' briefing. This briefing reviews evidence, policy and legislation relating to the transitions of young people with service and care needs from child to adult services in Scotland. The briefing refers to findings the Commission's 2018 performance audit (jointly with the Aufitor General) on children and young people's mental health.

27.   On 1 April the Scottish Parliamentary Corporate Body has [published](#) its gender pay gap report for 2018. The gender pay gap at the Scottish Parliament has narrowed from 3.8 per cent to 2.9 per cent.

28.   On 2 April Jackson Carlaw MSP lodged a [written question](#) about the backlog in vehicles and property in the Scottish Fire and Rescue Service identified in the Auditor General's performance audit, 'Scottish Fire and Rescue Services: An update'.

29.   On 2 April SPICe [published](#) its latest briefing update on Brexit. This briefing provides an overview of the latest developments that have impacted on the UK's anticipated withdrawal from the European Union.

30.   On 4 April SPICe [published](#) a briefing on the UK Government's EU Settlement Scheme. This briefing explains the roll-out of the EU Settled Status Scheme for EU and EFTA citizens living in the UK after Brexit.

31.   On 5 April it was [announced](#) that the Queen will give a speech to MSPs in the parliament's debating chamber on Saturday 29 June to mark the 20th anniversary of the Scottish Parliament.

32.   On 9 April SPICe [published](#) their 'Child poverty in Scotland: forecasting the impact of policy options' briefing. This briefing looked at a range of illustrative tax and benefit policy options to see how effective different policy interventions might be in tackling child poverty.

33.   On 11 April SPICe [published](#) their 'EU Structural Funds in Scotland' briefing. This briefing describes structural funding in Scotland, outlines the different roles of government and public bodies in making funding decisions, and describes Brexit's potential impact on the current programmes.

34.   On 17 April SPICe [published](#) their 'The expansion of early learning and childcare' briefing. The briefing provides an overview of the current use of funded ELC and examines the impact of ELC's expansion to 1,140 hours. Analysis of funding arrangements, the National Standard for ELC providers and growth of the ELC workforce are also included in the briefing. The Commission's performance audit work in this regard is mentioned throughout the briefing.

35.   On 24 April SPICe [published](#) its 'Developing the Scottish Parliament's scrutiny role after Brexit' briefing. On 25 March 2019, the Scottish Parliament's Finance and

Constitution Committee wrote to parliamentary committees to explore how a more coordinated approach could be developed to the Scottish Parliament's scrutiny of the new powers arising from the UK's withdrawal from the EU. This briefing provides additional information to help inform how individual committees may respond to the request of the Finance and Constitution Committee.

36. On 24 April Monica Lennon MSP published her Period Poverty member's bill which seeks to increase free access to sanitary products by making them available in all schools, colleges and universities. The bill follows pilots by the Scottish Government and would make the provision a legal requirement.

37. On 25 April at First Minister's Questions, the Scottish Government was challenged by several MSPs over a report from Reform Scotland that suggested there was a decline in pupils' subject choices in Scotland's schools. The First Minister said the Scottish Government was focusing on the "whole school experience" and ensuring pupils leave school with a general education. In addition, the First Minister pointed out pupils in Scotland were leaving school with more qualifications and vocational training than ever before. She added that more pupils were also going into higher education and other positive destinations.

Parliamentary Committee News

Local Government and Communities Committee

38. On 27 March the committee:

- Took evidence from Ash Denham MSP, minister for community safety on alcohol licensing in Scotland.

- Debated a series of amendments submitted to the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill.

39. On 3 April the committee concluded its consideration of the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill at stage 2.

40. On 5 April the committee launched their inquiry into empty homes in Scotland. According to National Records of Scotland data, in 2017 four per cent of Scotland's housing was unoccupied, with one per cent being used as second homes and three per cent vacant. The committee will examine the scale of the issue as well as review how effective the current legislation is and what more can be done to prevent properties remaining empty for extended periods of time. The call for written views will close on Friday 17 May.

41. On April 9 the committee launched a call for evidence on the Non-Domestic Rates (Scotland) Bill. The committee is seeking the views on the impact of proposed changes to business rates in Scotland. Among the changes proposed in the bill are that private schools will no longer be exempt from business rates. The bill also aims to address a tax avoidance tactic involving unoccupied or under-used properties, where owners can claim more advantageous tax reliefs by saying the property is in use occasionally rather than empty. It will also close a loophole that enables owners of holiday homes to avoid both council tax and non-domestic rates. The call for evidence closes on Thursday 30 May. It is proposed that the Commission does not respond to this call for evidence, but will retain an interest in the committee's work in this regard.

42. On 10 April the committee has published correspondence from COSLA President, Alison Evison, and Improvement Scotland's Interim Chief Executive, Sarah Gadsden, regarding staff absenteeism in local authorities.

Public Audit and Post Legislative Scrutiny Committee

43. On 4 April the committee:

   - In private, agreed to invite HM Revenue and Customs to give oral evidence at a future Committee meeting in relation to its scrutiny of the Auditor General for Scotland's report entitled "Administration of Scottish rate of income tax 2017/18".

   - considered a draft report on the Auditor General for Scotland's reports entitled "The 2016/17 audit of NHS Tayside" and "The 2017/18 audit of NHS Tayside".

Finance and Constitution Committee

44. On 20 March the committee met in private to discuss UK Common Frameworks; and the committee's upcoming work programme.

45. On 3 April the committee held a public evidence session on Brexit, and took evidence from Michael Russell MSP, cabinet secretary for government business and constitutional relations.

Other Committees

46. On 29 March the Rural Economy & Connectivity Committee published a letter from Fergus Ewing MSP, cabinet secretary for the rural economy, regarding the Scottish Government's intentions for the public appointments to South of Scotland Enterprise. The letter stated that in accordance with Audit Scotland's previous recommendations on the establishment of new public bodies, the Scottish Government is to commence the process to appoint a Chair and recruit a Chief Executive of South of Scotland Enterprise following the conclusion of stage 1 of the Bill.

47. On 9 April the Education and Skills Committee wrote to John Swinney MSP, cabinet secretary for education, calling on him to take action to help pupils with additional support needs. The letter suggests that many of the issues raised during the committee's 2017 inquiry were still relevant and needed to be addressed.

48. On 12 April the Education and Skills Committee announced an inquiry will be held into the teaching of STEM (science, technology, engineering and mathematics) subjects in early years and childcare education. The inquiry will explore how STEM subjects are currently included in the "learning experiences" of 3-7 year olds, and will look at how this increases the career choices of young people.

49. On 24 April the Education and Skills Committee published its report on National Standardised Assessments (SNSAs). The report concluded that clearer direction on the purpose of SNSAs in schools was needed, and asked the Scottish Government to give greater reassurance to parents, pupils and teachers that the SNSAs are not high stakes. The report also recommended that the Government should consider reintroducing and expanding the scrapped Scottish Survey of Literacy and Numeracy.

Improvement Service

50. On 23 April Kate Forbes MSP, minister for public finance and digital economy, visited the Improvement Service to find out more about how the organisation supports local government improvement and transformation. The visit specifically focused on the partnership work between the Scottish Government and the Improvement Service in delivering high quality digital public services.

By-election results

51. On 8 April the Scottish National Party's Rob Munn won the Leith Walk By-Election. This by-election was held following the resignation of Labour's Marion Donaldson.

Other Scottish local government news

52. On 29 March members of the EIS Further Education Lecturers' Association voted to escalate industrial action over pay. This decision follows a series of one-day strikes over a fair cost of living pay increase from college management. The turnout for the ballot was 54.9 per cent, with 89.9 per cent of those voting in favour of industrial action.

53. On 3 April Comhairle nan Eilean Siar sent a letter to Paul Wheelhouse MSP, minister for the islands, warning about an urgent need for the Scottish Government to make investment in new ferries to ensure the sustainability of island communities.

54. On 4 April it was reported how Aberdeen Council have had to instruct sheriff officers to try to reclaim more than £50 million of unpaid council tax during the last three years.

55. On 4 April a crowdfunder was launched in order to help pay for the costs of a judicial review over the lawfulness of fees for musical instrument tuition in Scotland. This follows on from several local authorities raising musical instrument tuition fees.

56. On 5 April Historic Environment Scotland announced that four towns would be awarded funding to help stimulate further economic activity within their local areas. Inverkeithing, will receive £1,007,700; Hawick, £1,314,800; Lochgilphead, £969,700; and Mauchline, £1,119,800. The funding is part of the eighth round of the Conservation Area Regeneration Scheme.

57. On April 8 the Taxpayers Alliance published its latest Town Hall 'Rich List', which investigates the salaries of senior local government officials. In Scotland, North Lanarkshire Council has the most employees on remuneration packages of more than £100,000. The report noted that a total of 28 senior North Lanarkshire Council employees were earning more than £100,000.

58. On 9 April Transport Scotland opened their Social Housing Fund for Improved Walking & Cycling Facilities for housing associations. The fund provides grants of up to £25,000 for active travel infrastructure. The Scottish Federation of Housing Associations, Cycling Scotland and other active travel groups are administering the fund.

59. On 11 April a freedom of information request to Scotland's 32 local authorities, by Christine Jardine MP, suggested that at least 6,614 Universal Credit claimants have entered rent arrears since the new benefit was rolled out.

60. On 11 April the Liberal Democrats called for the creation of additional secondary school places, following the publication of 'The School Places Challenge 2019' report which warned that an additional 13,600 pupils will join the school system by 2020-21. The report also called for a further 453 secondary school classrooms to be built.

61. On 11 April Drew Hendry MP challenged the Prime Minister over claims that the UK Government failed to reimburse Highland Council over the cost of administrating Universal Credit. A previous Freedom of Information request by Mr Hendry suggested that this cost the local authority £2.5 million. UK Government Ministers are now

considering requests from Highland Council to reimburse the local authority due to the costs accumulated with administrating Universal Credit.

62. On 15 April Union and the Jimmy Reid Foundation released a joint paper on local government funding. The report sets out recommendations of what can be pursued to increase council service spending. The report calls for a new system of property taxation and environmental charges to be developed to fund councils. The authors say this will shift the tax burden on to land owners and away from council tax payers. The report also calls for the recruitment of additional council staff, revisiting the Small Business Bonus Scheme and the municipalisation of buses and other public services.

63. On 16 April Police Scotland confirmed that they were assessing additional information over allegations of corruption at West Dunbartonshire Council.

64. On 24 April the City of Edinburgh Council published supplementary guidance on developer contributions and infrastructure delivery for its local development plan.

65. On 24 April the Liberal Democrats issued warnings that the UK Government's approach towards managing the country's exit from the European Union is putting council services at risk after they released information which suggested that Scotland's local authorities have received over £100m of funding from EU sources since 2015-16.

Other Scottish public policy news

66. On 28 March the Scottish Policy Authority released a report which outlined the financial pressures facing Police Scotland. The report claims that Police Scotland faces an underlying budget deficit of £24.6m. In addition, the report warned that the UK's withdrawal from the European Union faces exasperating the financial challenges facing Police Scotland.

67. On 1 April Sara Thiam was appointed as the new chief executive for the Scottish Council for Development and Industry. Ms Thiam is a member of the Scottish Government's newly-formed Infrastructure Committee and was previously serving as the Scottish director of the Institution of Civil Engineers. Ms Thiam succeeds Mark Bevan who stepped down from the post in August 2018.

68. On 2 April Ray MacFarlane was reappointed as chair of the Scottish Legal Aid Board. Marieke Dwarshuis, Paul Reid and Tim McKay have also been reappointed as members. Tim McKay's work with the Accounts Commission was noted during this appointment.

69. On 2 April the Registers of Scotland has published its Corporate Plan for 2019-24. The plan focuses on completing the Land Register by 2024 as well as improving digital services and data gathering.

70. On 4 April PricewaterhouseCoopers (PwC) published the Women in Work Index 2019. The reported noted that Scotland was the strongest performer in the UK in terms of gender representation. The report also states that if Scotland were to match Sweden's full-time female employment rate, this would boost Scotland's GDP in by around £15bn, equivalent to a 9 per cent increase.

71. On 8 April the GMB and the Fraser of Allander Institute published an update to their paper on the economic links between Scotland and the EU.

72. On April 9 ISD Scotland released new figures which show that 22 per cent of children from the most deprived areas in Scotland had a concern raised about their

development compared to just nine per cent of those children from the least deprived communities. The figures revealed that a child in Inverclyde is six times more likely to have problems than one in Aberdeenshire. Across Scotland, 15 per cent of the 56,088 children checked had a concern recorded, which represents a decline from 19 per cent in 2013/14.

73. On 11 April Charendeep Singh was appointed as the new deputy chief executive for the Scottish Chambers of Commerce (SCC). Mr Singh had previously spent six years with the SCC, most recently as its head of external relations.

74. On 15 April the Scottish Human Rights Commission released their 'Good Food Nation and Human Rights' report which affirmed that the right to food should be enshrined in Scots law. This report also made a call for all public authorities to address inequalities in people's access to adequate food.

75. On 17 April the Fraser of Allander Institute published its latest economic commentary focusing on the impact of Brexit uncertainty on the Scottish economy. On the basis there is an "orderly departure" from the EU, the Institute predicts growth of 1.1 per cent for the Scottish economy, followed by 1.4 per cent and 1.5 per cent in the following years. The commentary also warns a no-deal Brexit would very likely lead to a recession.

76. On 17 April the STUC released their 'Broken Promises and Offshored Jobs' report which raised concerns over the failure to secure jobs in the low-carbon economy. An Audit Scotland report on renewable energy is quoted extensively.

77. On 17 April Scott-Moncrieff and Campbell announced that they would be merging. The merger took effect from 3 May where they will now operate out of 11 offices, from Inverness to Ayr.

78. On 24 April delegates at the STUC congress passed an emergency motion tabled by the EIS which calls on the Scottish Government to intervene in the pay dispute between Colleges Scotland and lecturers.

79. On 24 April NHS Scotland released its national overview report 'Informing Interventions to reduce health inequalities. The report suggests that addressing income and wealth inequalities is the most effective means in tackling health inequalities. The report also endorsed adopting preventative public health measures and treatments to mitigate harmful effects of unhealthy behaviour. The difference in life expectancy in Scotland between rich and poor is significant. Men experience 23.8 more years of good health and women experience 22.6 more years in the most affluent areas compared to the most deprived areas.

80. On 25 April the National Records of Scotland published new statistics which show that Scotland's population has increased to a record high of 5.44 million. In the past year, Scotland's population grew by 13,300 people (0.2 per cent). Migration was the main reason for Scotland's population increase with 20,900 more people coming to Scotland than leaving.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

81. The SPSO's Newsletter - April outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the Our findings webpage. The

Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis (next at its September meeting).

Standards Commission for Scotland

82. On 4 April [Councillor Gerry Convery, who serves in South Lanarkshire Council, was sanctioned for disrespectful conduct](#) by the Standards Commission at a public hearing held in Hamilton.

Care Inspectorate

83. On 28 March the Care Inspectorate [published](#) the 'Fostering and Adoption 2017-18 Statistical Bulletin'. The Care Inspectorate regulates around 13,500 care services in Scotland, including 38 adoption and 60 fostering services. The data in this report provides insight into the operation of fostering and adoption services in Scotland. In 2017 there were 375 children approved for adoption, the vast majority (91 per cent) were younger than six years old. The number approved for adoption has fallen in each of the last two years, by 7 per cent from 403 in 2016 and by 26 per cent from 510 in 2015. Despite the challenges faced by adoption services, quality continues to be high across the country. At 31 March 2018, all of the adoption services registered with the Care Inspectorate had been inspected and 97 per cent of these services were evaluated as 'good' or better across all quality themes. No services were evaluated as 'adequate' or lower across all quality themes.

84. On 2 April the Care Inspectorate [published](#) the Report of a joint inspection of services for children and young people in need of care and protection in Fife. The report outlined several strengths, including that robust and effective pre-birth planning processes were in place that enabled the early identification, management and response to child protection and wellbeing concerns. This was helping to ensure that vulnerable pregnant women were getting the right level of support at an early stage. The report also outlined several areas for improvement, including noting that partners should further improve their recognition and response when children and young people experience neglect or repeated instances of harm. The Care Inspectorate is confident that the Fife partnership has the capacity to improve and address the action points highlighted in the report. The Care Inspectorate has requested that a joint action plan is produced which clearly details how improvements highlighted in this report are to be addressed.

85. On 4 April the spring edition of Care News was [published](#) by the Care Inspectorate. This newsletter provides an update of the activities of the Care Inspectorate over the past few months.

86. On 5 April the Care Inspectorate [published](#) its Corporate Parenting Plan 2017-2020. This plan sets out the number of ways that the organisation is meeting its commitments as a corporate parent, as outlined in the Scottish Government's 2015 strategy 'Getting it right for looked after children and young people.' The plan sets out how the Care Inspectorate plans to improve on its duties as a corporate parent.

Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)

87. On 29 March HMICS [published](#) its Annual Scrutiny Plan for 2019-20. This sets outs how the organisation will meet its statutory purpose to inquire into the efficiency and effectiveness of Police Scotland and the Scottish Police Authority.

Education Scotland

88. On 8 April Education Scotland [published](#) its Corporate Plan for 2019-2022. The Plan is focused around five new strategic priorities which are fully in line with the National Improvement Framework (NIF) for education:

   - a strong focus on learning, teaching and leadership;

   - national collaborative professional learning networks;

   - getting it right for every child;

   - best use of high-quality evidence; and

   - effective partnerships.

Scottish Housing Regulator

89. On 28 March 2019 Scottish Ministers [appointed](#) Helen Trouten Torres, Colin Stewart and Ewan Fraser to the Board of the Scottish Housing Regulator (SHR).

90. On 1 April SHR [published](#) an engagement plan for every social landlord across Scotland. This is the first change introduced under the new Regulatory Framework. The main areas of engagement with local authorities will be the delivery of services for people who are homeless and the standards within sites provided for Gypsy/Travellers.

91. On 5 April SHR [published](#) its new Corporate Plan for 2019-2022. Over the next three years, SHR will focus on the following priorities:

   - Embedding their new Regulatory Framework

   - Value for money

   - Affordable rents

   - Homelessness

   - Tenant and Resident safety

   - Governance and Financial Health in Registered Social Landlords.

92. On 24 April it was [announced](#) that the Scottish Federation of Housing Associations, Glasgow and West of Scotland Forum of Housing Associations, the Association of Local Authority Chief Housing Officers, and the Scottish Housing Regulator will work together on the development of a Self-assurance Toolkit. The aim of the toolkit is to help social landlords to comply with SHR's new Regulatory Framework. The new Regulatory Framework introduces changes in social housing regulation.

UK Parliament

General

93. On 16 April [statistics were released](#) that showed the number of grievances about MPs handed to the Parliamentary Commission for Standards has doubled over the past year. 2,165 claims that MPs have breached the code of conduct for MPs were submitted. The vast majority (2,156) were not accepted by the watchdog for further investigation.

Housing, Communities and Local Government Committee

94.   On 18 March the committee continued its inquiry into modern methods of construction by interviewing a range of stakeholders.

95.   On 22 March the committee launched a new inquiry into the implication of the Resources and Waste Strategy for England on local authorities.

96.   On 3 April the committee published its 'Brexit and local government' report. The report called on the UK Government to take urgent action to enable local authorities to prepare for the consequences of the UK's withdrawal from the European Union. The Committee sets out urgent priorities to improve information sharing and Brexit preparations at a local level. The report further sets out key policy actions that the Government needs to take in the long term to tackle the loss of EU funding streams.

Scottish Affairs Committee

97.   On 15 March the committee continued its inquiry into the future of Scottish agriculture by taking evidence from a range of stakeholders.

98.   On 26 March the committee began its inquiry into access to financial services in focusing on the impact of closures of ATMs and banks through taking evidence from a range of stakeholders.

99.   On 18 April the committee continued its inquiry into the future of Scottish agriculture, with a session examining the impact that the UK Government's post-Brexit immigration proposals may have on Scottish farms. The committee took evidence from a range of stakeholders.

Public Accounts Committee

100. On 22 March the committee published its 'Transforming children's services' report. This report expressed disappointment, as it had previously, that the delivery date for the UK Government's programme of reforms has slipped from 2020 to 2022. The report also concluded that the UK Government cannot explain why there is so much variation between local authorities in the activity and cost of children's social care.

101. On 27 March the committee published its 'Public cost of decommissioning oil and gas infrastructure' report. The report concluded that there exists significant uncertainty over the potential costs to taxpayers of decommissioning offshore oil and gas assets. The report also states that the UK Government does not yet have a clear plan to ensure the UK maximises the benefit of developing exportable decommissioning skills and resources. Within the report, the Aberdeen City Region Deal's National Decommissioning Centre is mentioned as a project which is aiming to become the world-leading centre for decommissioning research and development.

102. On 15 April the committee published its 'Auditing local government' report. This report suggests that the UK Government should set out clear expectation and help the public be able to hold public authorities to account. In 2017-18, auditors found that more than 1 in 5 local public bodies did not have proper arrangements in place to secure value for money for taxpayers. The numbers are worst for local NHS bodies such as clinical commissioning groups and hospital trusts, where 38 per cent did not have proper arrangements in place. The report recommends that departments should set out, by the end of September 2019, clear expectations of how local bodies should respond to weaknesses reported by local auditors in 2018-19, including the potential

consequences for local bodies who fail to improve.

103. On 17 April former member of the Public Accounts Committee Richard Bacon MP suggested that a new parliamentary watchdog body should be set up that will be able to scrutinise UK departmental budgets. Mr Bacon claims the new committee would require between 25 and 30 expert staff, who would be paid out of the parliamentary budget like the National Audit Office, which supports the PAC.

Other committees

104. On 2 April the Business, Energy and Industrial Strategy Committee produced its 'Future of Audit' report which recommended that the UK's Big Four accountancy firms should be separated into audit and non-audit businesses. The committee believes that this will help to reduce potential conflicts of interest and with increasing competition. Further reports on this matter will be considered by the Commission over coming months.

105. On 5 April the Women and Equalities Committee released their 'Tackling inequalities faced by Gypsy, Roma and Traveller communities' report. This report attempted to address the long-term inequalities faced by the country's Gypsy, Roma and Traveller communities, suggesting that the community has 'the worst outcomes of any ethnic group' across areas such as education, health, employment, criminal justice and hate crime. The report called on the UK Government to take action and set out how it intends to improve outcomes for Gypsy, Roma and Traveller communities.

Other UK Audit Bodies

National Audit Office

106. On 24 April the National Audit Office updated the framework it uses when reviewing major programmes to reflect best practice. The updated framework aims to provide new examples of good practice and lessons learnt.

107. On 25 April the National Audit Office published guidance for audit committees on cloud services. The guidance aims to provide an overview of cloud services and describes government policy on their use. It then sets out specific questions for audit committees to consider asking when engaging with their management at three stages:

- Assessment of cloud services – looking at cloud services as part of organisational and digital strategies; the business case process; and due diligence.

- Implementation of cloud services – considering system configuration; data migration; and service risk and security.

- Management of cloud services – covering operational considerations; the need for assurance from third parties; and the capability needed to manage live running.

108. On 25 April the National Audit Office published their 'Investigation into overpayments of Carer's Allowance' report. The DWP regularly makes overpayments to claimants, and the NAO decided to investigate the issue following concerns expressed by MPs. The report found that it will take the DWP a lot of time to recover any overpayments and there exists limited knowledge on how the repayments affect claimants.

Wales Audit Office

109. On 2 April the Auditor General for Wales, Adrian Crompton, along with the Board of the Wales Audit Office, published their new Annual Plan for 2019-2020. The Annual Plan sets out the planned programme of work for the organisation over the next 12 months, along with some long-term ambitions.

Northern Ireland Audit Office

110. On 12 April The Northern Ireland Audit Office published a report about the Education Authority Annual Report and Accounts 2017-18.
Jersey Audit Office

111. On 4 April the Jersey Audit Office published a follow-up report about community and social services for adults. The report claims that services for vulnerable adults have not improved quickly enough.

Other general – UK

112. On 29 March the Office for National Statistics (ONS) published quarterly economic data, including information on business investment, consumer trends, the balance of payments and GDP figures. There was a 0.2 per cent rise in GDP, which is unrevised from the previous estimate. Services continued to grow, but construction and production contracted. Business investment continued to fall.

113. On 16 April the ONS released their Labour Market Overview report. The figures indicate that 76.1 per cent of people aged 16 to 64 were in employment, while earnings of employees remain lower than before the 2008 recession. In cash terms, the average weekly earnings for employees increased by 3.5 per cent, but only 1.5 per cent when adjusted for inflation. The proportion of people neither working nor seeking work was at 20.7 per cent, the joint-lowest level on record. The unemployment rate has continued its downward trajectory to 3.9 per cent, its lowest rate since 1975, whilst in Scotland, the unemployment rate was 3.3 per cent.

114. On 17 April the ONS published figures on the consumer and producer price inflation. The consumer price index remains unchanged, at 1.8 per cent. The UK consumer price index continues to grow at a faster rate than the euro zone. Regarding housing, private rental prices paid by tenants continue to rise, with an increase of 1.2 per cent since March 2018. UK house prices increased by just 0.6 per cent, which is the slowest annual growth rate since 2012. UK Government borrowing was £32.3bn in 2018, equivalent to 1.5 per cent of GDP. This is the second consecutive year in which the Government deficit has been below the 3 per cent Maastricht reference value. This deficit is also at the lowest level since 2001 following a decrease in Government borrowing.

115. On 19 April the Competition and Markets Authority (CMA) has published its final report on the UK audit industry, as well as a summary of its findings. The report stated that the market should be expanded beyond the current major four firms through ensuring the joint auditing of accounts and breakup of auditing and consulting firms.

116. On 25 April the Trussell Trust called on the UK Government to reduce the delay experienced by claimants that are receiving Universal Credit. The charity claims that the number of food parcels being handed out has increased by 18.8 per cent compared to the same point last year, with 49 per cent of referrals linked to benefit delays with Universal Credit. In addition, the Trussell Trust claim that the number of food parcels going to children has cross the half-million mark, with 577,618 children accessing a food parcel at some point during the last year.

Conclusion

117. The Commission is invited to consider and note this report, and in particular:

- not to respond to the Scottish Government 'Strengthening Fire Safety for High Rise Domestic Buildings' consultation (paragraph 22); and

- not to respond to the call for evidence from the Local Government and Communities Committee on the Non-Domestic Rates (Scotland) Bill (paragraph 41), but to retain an interest in the committee's work in this regard.

Paul Reilly
Secretary to the Accounts Commission
9 May 2019

APPENDIX 1: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downloads	Podcast downlds
Stirling Council: BV Assurance Rprt	25 April 2019	79	n/a
How council work: Safeguarding public money	11 April 2019	468	n/a
South Lanarkshire Council: BV Assurance Rpt	28 March 2019	376	n/a
Local government in Scotland: Challenges and performance 2019	21 Mar 2019	1,238 (+432)	78 (+42)
Local government in Scotland: Challenges and performance 2019 - Supplement	21 Mar 2019	158 (+72)	n/a
Social Work in Scotland – Impact report	5 Dec 2018	782 (+143)	n/a
Local government in Scotland – Financial overview 2017/18	28 Nov 2018	2,334 (+280)	78
Local government in Scotland – Financial overview 2017/18 - Supplement	28 Nov 2018	302	n/a
Dumfries & Galloway Council BV Assurance Rpt	22 Nov 2018	1,088 (+276)	*
Health and social care integration: update on progress	15 Nov 2018	8,712 (+1,166)	256 (<30)
East Lothian Council Best Value Assurance Report	1 Nov 2018	1,181 (+87)	78
Children and young people's mental health	13 Sep 2018	6,395 (+798)	180
Community Planning – an update – Impact report	24 Aug 2018	804 (+78)	n/a
Glasgow City Council Best Value Assurance Report	23 Aug 2018	1,725 (+67)	71
West Dunbartonshire Council Best Value Assurance Report	28 Jun 2018	1,331 (+48)	21
Maintaining Scotland's roads: a follow-up report – Impact report	27 Jun 2018	1,013 (+102)	n/a
Accounts Comm annual report 2017/18	7 Jun 2018	574 (<30)	n/a
Accounts Comm engagement strategy and plan 2018/19	7 Jun 2018	632 (+65)	n/a
Accounts Comm Strategy and annual action plan 2018-23	7 Jun 2018	792 (+85)	n/a
Accounts Comm engagement plan 2017/18 progress	7 Jun 2018	47 (<30)	n/a
Best Value Assurance Report: East Ayrshire Council	29 May 2018	2,078 (+88)	104
Best Value Assurance Report: Fife Council	24 May 2018	2,207 (+40)	48
Councils' use of ALEOs	17 May 2018	2,179 (+109)	62

Key:

(x)   Increase in numbers since last month

*   This figure is below 30

n/a   Not applicable.

ACCOUNTS COMMISSION

MEETING: 9 MAY 2019

REPORT BY: SECRETARY TO THE COMMISSION

COMMISSION ANNUAL REPORT 2018/19

Purpose

1. This report the draft Commission's annual report for 2018/19 proposes for publication on 31 May 2019.

Background

2. Each year, the Commission publishes its annual report and its complementary annual action plan progress report.

Annual report and annual action plan progress report

3. The content of the proposed annual report is attached in the **Appendix**. The report design will be refined further before publication, including addition of the Chair's foreward. The Commission are invited to consider the draft.

4. This year's report takes a similar format to last year's, reporting on our national work across councils, our Best Value work in individual councils, audit quality, how we report, and how we work with others. It includes new and additional information on the impact of audit work through:

   - outlining progress in last year's BVARs as noted through the annual audit
   - providing headline messages from performance audit impact reports
   - summarising progress against the SAPs as noted in the Controller's Audit Assurance and Risks report (considered at the Commission's January meeting).

Publication arrangements

5. It is proposed that the annual report be published on 31 May 2019, as part series of Commission strategic documents comprising:

   - Annual report 2018/19 (this item)
   - Strategy 2019/24 (on today's agenda)
   - Engagement plan 2018/19 progress report (on today's agenda)
   - Engagement strategy and plan 2019/24 (on today's agenda)

Conclusion

6. The Commission is invited to consider and approve the attached annual report.

Paul Reilly
Secretary to the Commission
3 May 2019

Annual report

2018/19

ACCOUNTS COMMISSION

Who we are

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We deliver public audit in Scotland along with the Auditor General who audits the remainder of the public sector in Scotland. Audit Scotland provides audit services to the Commission and to the Auditor General. Together, we give independent assurance to the people of Scotland that public money is spent properly, efficiently and effectively.

We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees

- assessing the performance of councils in relation to Best Value and community planning

- carrying out national performance audits to help councils improve their services

- requiring councils to publish information to help the public assess their performance.

You can find out more about our role, powers and meetings on the Accounts Commission web pages .

Contents

Our year

We considered and made our findings on the following Best Value Assurance reports.

Looking across councils we published our local government overview reports and a range of performance audits, some jointly with the Auditor General for Scotland.

We also reported our findings on a statutory report from the Controller of Audit highlighting serious concerns over school construction in Edinburgh (May 2018).

Our work in individual councils

Fife Council
May 2018

East Ayrshire Council
May 2018

West Dunbartonshire Council
June 2018

Glasgow City Council
August 2018

East Lothian Council
November 2018

Dumfries and Galloway Council
November 2018

South Lanarkshire Council
March 2019

April 2018

March 2019

Our work across councils

Council's use of arms-length companies
May 2018

Impact report: Roads maintenance
June 2018

Impact report: Community planning
August 2018

Children and young people's mental health
September 2018

Local government in Scotland: Financial overview 2017/18
November 2018

Impact report: Social work in Scotland
December 2018

Local government in Scotland 2019: Challenges and preformance
March 2019

Health and social care integration (Part 2)
November 2018

Chair's foreword

TO BE ADDED

Supporting public scrutiny

We value our independence and report in public. At the same time, we are part of the local government community, sharing a common purpose to improve services for the people of Scotland.

As the local government watchdog, we give assurance over how public money is used, we also help councils to improve. By making our work as accessible as possible, we can help residents and communities take a greater part in local services.

We use different ways to reach our audiences, be it the public or councils. We use promotion plans for our reports to target local media providers and community groups. We also use social media to share our messages more widely. Our Local government in Scotland financial overview report is a good example and involves the following:

- a podcast of the key messages from Graham Sharp, the Commission Chair

- checklists to help councillors apply good practice

- videos and animations to promote key facts and messages

Councils have told us they welcome these different approaches. Our national audit reports and reports on individual councils attract much public and media interest, and more people are using social media such as podcasts to hear our messages. Our Engagement Strategy gives more information on how we promote our messages.

We promote effective public reporting by councils

We are pleased that our review of councils' public reporting shows much good practice, with many councils using new formats to reach wider audiences. There is scope, however, for such good practice to be adopted more widely across all councils. This includes making budget and other financial information more understandable and readily available.

The Commission published its three-yearly update of its Statutory Performance Information Direction in December 2018. This sets out how councils should report their performance in public. Effective performance reporting helps the public and communities understand how good their services are. It also helps councillors lead and direct their council. We encourage councils to use the Local Government Benchmarking Framework to report their performance in a clear and accessible way.

Our national work

Our local government overview reports and national performance audits attract much interest. Topics this year included councils' use of arm's-length companies, children and young people's mental health, and health and social care. We also published our housing benefit performance audit and our two-yearly National Fraud Initiative report.

Performance audits examine national issues of public interest. They cover topics such as public service reforms, and the quality, sustainability and value for money of public services.

Local government overview reports
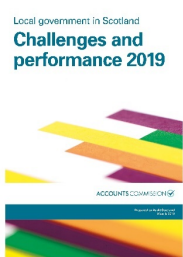
Our Local government in Scotland: Challenges and performance 2019 report found that councils were maintaining or improving most services. However, it highlights that councils will need to find different ways to fund and deliver services as future Scottish Government funding is likely to reduce. Almost 70% of council spending is needed for education and social care, this limits councils flexibility in how they spend and save money. Demands on council services are increasing from a growing older population, and from an increase in the numbers of people living in poverty. Councils need decisive leadership to balance growing demands with a sustained reduction in real terms funding.

Local government in Scotland: financial overview 2017/18 (Accounts Commission - November 2018) Our financial overview report highlights that funding from the Scottish Government reduced by 2.3 per cent in real terms in 2017/18. Councils offset this through increases in council tax, charges and fee income. Most councils applied the maximum three per cent increase to council tax. Increases in education and social work spending have led to less spending on other services.

Our report finds that funding to Integrated Joint Boards (IJBs) (bodies that commission health and social care services) increased by three per cent in 2017/18. However, most of these bodies have underlying financial sustainability issues.

Performance audits

Children and young people's mental health (joint report - September 2018) – Our report calls for a step change in the way the public sector responds to the mental health needs of children and young people. It identifies a big increase in young people being referred to mental health services, with long waiting times signalling a system under significant pressure.

Case study: Health and social care integration update on progress (joint report - November 2018)

In 2016, health and social care services provided by councils and the NHS were brought together into a single integrated system. Integration Authorities are responsible for almost £9 billion of health and social care spending.

This is our second report, published jointly with the Auditor General, looking at Scotland's progress with this major reform.

Integration Authorities face significant challenges through rising service demand and mounting financial pressures on councils and the NHS. This critical report finds that Integration Authorities, councils and NHS boards need to show a stronger commitment to collaborative working if they are to make a real difference to the people of Scotland. Success will depend on joint, and long-term financial planning, and stable and effective leadership.

Graham Sharp, Chair, Accounts Commission said: *"There are examples of integrated health and social care services making a positive difference to people's lives, but these tend to be local and small scale. The potential for a profound and long-term shift in the way health and social care services are delivered is clear, but there is still a long way to go.*

Caroline Gardner, Auditor General, said: *'All partners, at a national and local level, need to work together to ensure the successful delivery of integrated health and social care services in Scotland. This will allow people to receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.'*

We found that most councils and integration authorities use the findings of our national performance audit reports to help them improve. A Scottish Government Ministerial Steering Group has also adopted many of our recommendations to drive improvement in this vital area.

Other reports

The National Fraud Initiative in Scotland 2016/17 (Audit Scotland - July 2018) – Audit Scotland coordinates the National Fraud Initiative (NFI) every two years and it now involves nearly 100 public bodies. It compares data held by different public bodies about individuals. It identified £18.6 million of potential fraud or errors (including future losses prevented) since the last report in 2016. This totals almost £130 million since the first NFI exercise in Scotland in 2006. This is a significant return to Scotland's public sector at a time when public finances remain under pressure.

Councils' use of arm's-length organisations (Accounts Commission - May 2018) – This report examines how councils are using an estimated 130 arms-length external organisations (ALEOs). It notes benefits including reduced costs, increased sport and leisure uptake, and improved standards of care. Councils are improving how they manage their relationships with ALEOs, but could do more to involve the public and other stakeholders in decisions to use such options. It concludes that the financial and other advantages available of ALEOs may change and that careful consideration is needed.

Housing Benefit Performance audit
Annual update

2018

AUDIT SCOTLAND

[2018 annual update on Housing Benefit Performance audit](#) Our report examined the housing benefit performance of five councils. It found weaknesses in areas of business planning, performance reporting, accuracy and interventions. It found risks in the capacity of these bodies to improve, with limited funding being a factor. This is against a backdrop change following the creation of the Scottish social security agency in September 2018, and the ongoing roll-out of Universal Credit.

Impact reports – main messages

We report on the impact of our performance audit reports around 18 months after they are published. This year we published three impact reports to consider how councils and other bodies have responded to our recommendations ([Exhibit 1](#)). We found a mixed picture of progress, and many improvements will only be realisable in the longer term. This reflects the complex nature of issues that often need to be addressed through coordinated actions by a diverse range of partners.

Exhibit 1
Impact of our performance audit reports

Impact reports	Description of impact
Maintaining Scotland's Roads: a follow-up report Impact report (June 2018)	• Mixed picture of progress and concerns remain about the accuracy of condition data. Many actions are ongoing or long-term in nature and will take time to demonstrate impact. • No notable change in the proportion of roads in acceptable condition. • Good progress reported in: roads asset management, benchmarking, and shared efforts to address workforce and training pressures. • Progress towards sharing services and greater collaboration at a strategic level remains slow.
Community planning: an update Impact report (July 2018)	• The Scottish Government's statutory guidance on community planning (December 2016) places local communities at the heart of public service delivery and clarifies expectations for CPPs. • Mixed picture of progress; it will take time to see the full effect of changes. • An Outcomes, Evidence and Performance Board of stakeholders is in place to tackle obstacles to effective community planning.
Social Work in Scotland (December 2018)	• Given their long-term nature, progress with many of the recommendations remain ongoing. • The longer-term sustainability of social work services remains an urgent issue. • The Scottish Government and COSLA have published a national health and social care workforce plan and guidance. • A review of clinical and care governance arrangements in integrated health and social care services is underway.

Progress on Strategic Audit Priorities

In its work across Scottish councils, the Commission set five strategic audit priorities (SAPs) as a key focus for its work:

- SAP 1: Clear priorities with a focus on outcomes, supported by effective long-term planning

- SAP 2: Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities

- SAP 3: Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future

- SAP 4: Empowering local communities and involving them in the design and delivery of local services and planning for their local area

- SAP 5: Reporting the council's performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

Exhibit 2 gives an overview of councils' progress against the SAPs drawing on our audit work over 2018/19.

Councils are making progress in areas including governance, partnership working, and public reporting. While many councils are setting a clear vision and priorities, demonstrating the impact of their actions with partners remains a complex challenge. Councils are improving practice in longer-term financial planning, but continue to face difficult challenges. This highlights the importance of effective options appraisal and innovation to find new ways of providing services. Involving communities in these difficult decisions will be increasingly important.

While noting progress in many important areas, we found that councils need to make further progress in areas including: collaborative leadership including IJBs; shared services; workforce planning; Community Empowerment; and transparency of financial reporting.

Exhibit 2
Council progress against our strategic audit priorities

SAP 1: Clear priorities with a focus on outcomes, supported by effective long-term planning

- Councils understand the challenges facing their communities, and have a strategic focus on improving social inequality

- Councils need to do more to align resources to their vision and priorities; they need to demonstrate more clearly how outcomes are being achieved.

- Councils are making progress with medium-term financial planning. In 2017/18, councils managed funding gaps of four per cent in their net expenditure budgets of £12 billion, mainly through savings and planned use of reserves.

- Councils need to ensure they have the staff, skills and leaders to deliver change. This requires effective workforce planning, but the quality of planning is inconsistent across councils.

- Financial sustainability is the biggest risk to IJBs. The majority do not have medium-term financial plans, and none currently have long-term financial plans.

SAP 2: Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities

- Many council transformation programmes are in the early stages. Strategic leadership and good governance are required given the pressures and scale of change.

- Councils are collaborating with other public-sector bodies, but there is limited evidence of services being delivered jointly by councils.

- Councils show improving practice in evaluating service delivery options such as ALEOs, but scope for improvement remains, for example to involve communities more in the process.

- Collaborative leadership in IJBs needs to improve to increase the pace of change and improve service delivery.

SAP 3: Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future

- Councils need to plan to ensure they have the staff, skills and leaders to deliver change, but the quality of workforce planning is inconsistent and there is no national data on workforce by service.

- Councils generally have effective arrangements for governance and accountability. There is scope to improve the depth of scrutiny.

- The uptake of training programmes should be improved by tailoring their content more closely to the needs of councillors.

- A lack of collaborative leadership and different cultures in councils and health boards were affecting the pace of change.

SAP 4: Empowering local communities and involving them in the design and delivery of local services and planning for their local area

- Councils are committed to community empowerment and most are beginning to implement their arrangements at a local level, but progress is limited.

- Councils are engaging with communities but there is less evidence of successful engagement with people from deprived areas

- Where councils are undertaking public consultations, there is little evidence to show that they are taking the results into account when setting the annual budget.

SAP 5: Reporting the council's performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes

- Councils are improving the accessibility of information and council meetings. There is scope to improve the transparency of financial reporting.

- Public performance reporting ranges in quality, and there is scope for councils to learn from each other to improve the standard of reporting to their communities.

- The processes and quality of annual accounts submitted for audit needs to improve for some councils and IJBs.

Reporting on individual councils

We published eight reports on local councils in 208/19. Seven were Best Value Assurance Reports; one was a statutory report on an issue of public concern.

Councils have a duty to demonstrate Best Value in how they deliver services, use public money, and improve as organisations. We report on their progress through a Best Value Assurance Report (BVAR) on every council as part of a five-year cycle.

We are encouraged that this year's BVARs found that the councils involved had made good progress on previous Best Value audits. Challenges, of course, remain. Councils will need to show strong leadership and involve local communities in taking difficult decisions to close budget gaps and meet increasing demands. Exhibit 2 summarises the main findings from our BVAR reports.

The Commission has powers to publish statutory reports to bring serious issues of concern to public attention. In its April 2018 report, 2016/17 audit of The City of Edinburgh Council: Report on Edinburgh schools the Commission considered the circumstances of a wall collapse at a primary school in Edinburgh in 2016. The report noted that procurement, design and construction issues had led to the large scale closure of other schools in Edinburgh. It emphasised the need for all councils to undertake regular structural risk assessments and inspections on public buildings to ensure the safety of the public.

Exhibit 2
Best Value Assurance Reports

Fife Council demonstrates its commitment to improvement and delivering for the people of Fife. Increasing investment in the Fife economy through the 'Plan for Fife' is a strong priority for council and its partners. This now needs to be taken forward and supported by targets, actions and performance management.

East Ayrshire Council has addressed improvement areas from its 2010 Best Value report. Its services continue to perform well and improve. It demonstrates effective community planning and partnership working, and a commitment to empower local communities.

West Dunbartonshire Council's 2007 Best Value report found it urgently needed to address weaknesses in the way it was run. It has improved significantly, with strong and improved leadership of councillors and officers.

The council has maintained a steady pace of change leading to improved outcomes in priority areas.

Glasgow City Council has made steady progress since its last Best Value report in 2009. The Council and its partners have an ambitious vision for the city and have improved educational attainment, wellbeing of children and young people, and wider health outcomes. Serious concerns remain about how the potential cost of equal pay claims and their impact on services.

East Lothian Council's has improved since its critical Best Value report in 2007. It now shows good self-awareness, but some improvement actions are at an early stage. The council will need to show strong leadership to meet the challenges of East Lothian's rapidly growing population.

Dumfries and Galloway Council has made good progress since a critical Best Value report in 2009, saving £86 million while maintaining its service performance. Further savings of £79 million are required by 2022/23. The council will need to increase its pace of change and take difficult decisions to close this gap.

South Lanarkshire Council performs well and has continued to improve since its positive Best Value report in 2009. It demonstrates strong leadership, financial and workforce management, and has improved many services including education attainment. It now needs to engage local communities more as it explores options for service redesign.
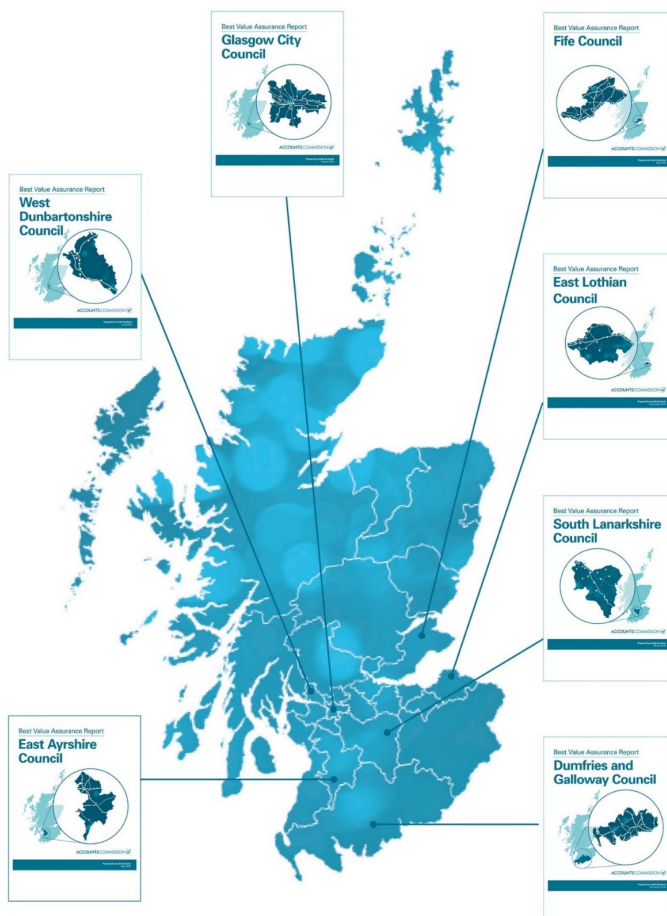
Progress following our Year 1 BVARs

We monitor progress against our previous BVAR recommendations through our annual audit work in councils in what is now an integrated process. Exhibit 3 summarises shows that overall, progress is being made in those councils who had BVAR reports last year.

Exhibit 3
Progress against Year 1 BVARs noted in the annual audit

	Annual audit overall message on council's progress in response to its 2016/17 BVAR
Clackmannanshire Council	Clackmannanshire is making progress with its savings and efficiency programmes, but its financial position remains acute.
East Renfrewshire Council	The council's response to the Best Value review has had a notable impact in supporting continuous improvement.
Inverclyde Council	The council has made reasonable progress with its BVAR Improvement Plan. It performs well against a range of national indicators, but its relative performance with other councils has reduced.
Renfrewshire Council	The council is making good progress in addressing the BVAR recommendations. Its improvement activities are clearly linked to the Council's priorities and budget setting process.
Orkney Islands Council	A number of activities are underway in response to the BVAR. The council needs to demonstrate more clearly how it is improving outcomes and realising efficiencies.
West Lothian Council	The council's performance management system includes recommendations from the BVAR and the annual audit report. All these actions are reported as completed.

Ensuring quality in our work

To fulfil our role of assuring the public about the performance of councils, we also need to provide assurance that our work is of high quality and based on sound evidence.

We have revised our approach to reporting quality and have set up a new independent quality assurance team to monitor and report upon the quality of all auditors' work. Audit work is subject to both internal and external independent review (externally by the Chartered Institute of Accountants Scotland (ICAS).

We will publish with the Auditor General and Audit Scotland a detailed report on the outcomes from this work. Headlines from this work are:

- No reviews by ICAS of financial audits were graded as requiring significant improvement (although all have identified improvements to be considered by auditors).

- There was a similar outcome for the reviews by ICAS of Best Value Assurance Report (BVAR) and performance audits.

- A key area of improvement in the last two years has been how audit evidence is documented. In 2018/19 further areas of improvement were identified in the use of analytical procedures and in how sampling is used.

- The independent quality team found a strong culture of improvement in all audit providers.

- Stakeholders expressed a high level of satisfaction with the usefulness of the annual audit.

- Stakeholders were positive about Commission reports helping them to deliver improvement:

Both our internal and external quality review found high levels of compliance with our audit quality framework for our performance audits, and our BVAR audits. Audit Scotland, who undertake performance audits for us, is adopting international auditing standards for performance auditing. This will help drive further improvement in these areas. We also strive to deliver an efficient audit that takes into account the workload and priorities of the bodies we audit.

Our discussions with officers and elected members at each council following the publication of a BVAR also inform our quality review. Councils have given positive feedback on their experience of the approach to auditing Best Value and have also highlighted aspects of improving the process further.

We are building our approach to quality assurance across all our work, and we are looking at how to enhance stakeholder feedback and review how we report on our quality assurance work.

Working with others

We are looking at new ways to involve the public, communities and our local government stakeholders in what we do.

We need to understand issues relevant to the people of Scotland to keep our work relevant and help improve our public services. We continue to engage the public and other stakeholders through a range of activity:

- In autumn 2018, we hosted six Council Conversations events with council leaders and chief executives from across Scottish councils. These gave us a valuable insight into the pressures facing councils and what they expect from our audit.

- Our local government overview reports are used by parliament as part of its scrutiny of the Scottish budget.

- We consult councils, trades unions, and local government and third sector bodies over our future audit programme. This helps assure the Commission over the relevance of its programme and informs our individual audits.

- We meet with an Equalities and Human Rights Advisory Group to hear issues relevant to our audit. This draws on the experiences of people who work closely with communities.

Coordinating local government scrutiny

The Commission is responsible for coordinating the overall scrutiny of local government. It chairs a strategic scrutiny group (SSG) comprising Education Scotland, the Care Inspectorate and other scrutiny bodies.

A local network of auditors and scrutiny partners meet in every council area to identify audit risks and plan their scrutiny work. In April 2018, we published a National Scrutiny Plan for Local Government, and 32 local scrutiny plans for 2018/19.

This year, the SSG reviewed its approach in consultation with councils. It is taking forward measures to improve the coordination of national scrutiny and to improve how scrutiny bodies identify risks and share intelligence.

Involving the public in our work

It is important that we involve the public, communities and our local government stakeholders in our work. Our *Engagement Strategy* sets out our aims for taking this forward. For example, we contact a diverse range of local community groups about our Best Value work in councils. We will also look at new ways of reaching out to the public for example using blogs, videos and podcasts. These will all promoted through social media and our website.

The Commission and its members

The Accounts Commission members are appointed by Scottish ministers. The Commission meets monthly and its meetings are open to the public.

Graham Sharp
Chair
(Member Mar – Oct 2017)

Ronnie Hinds
Deputy chair (Acting chair Mar – Oct 2017)

Sophie Flemig

Sheila Gunn

Tim McKay

Stephen Moore

Pauline Weetman

Geraldine Wooley

Andrew Burns

Andy Cowie

Sharon O Conner

Christene Lester

Paul Reilly
**Secretary to the Accounts
Commission**

Progress report
Action plan 2018/19

Here we report on progress against our annual action plan

Key to progress:

Complete: Action completed.

Complete and continuing: Action completed, but remains part of ongoing activity.

Continuing: Action has started but requires further input from the Commission.

Action	Progress at March 2018
Overview reports	
Publish our overview reports setting out our assessment of local government, based upon all of our audit work.	**Complete** We published two overview reports: • Local government in Scotland: Financial overview 2017/18, November 2018. • Local Government in Scotland 2019: Challenges and performance, published March 2019. The Commission briefs the Scottish Parliament's Local Government and Communities Committee on these reports as part of its scrutiny of the Scottish budget.
Taking the audit forward by:	
Reporting our planned schedule of Best Value Assurance Reports (BVAR). .	**Complete** We published findings on published BVARs as follows: • Fife Council (May 2018) • East Ayrshire Council (May 2018) • West Dunbartonshire Council (June 2018) • Glasgow City Council (August 2018) • Dumfries and Galloway Council (November 2018) • East Lothian Council (November 2018) • South Lanarkshire (March 2019). All audits had a local promotion strategy, using newsletters, podcasts and media releases to target residents, local community groups and the media. We will monitor councils' progress on the report recommendations through our annual audit.
Featuring assessments in relation to Best Value in all annual audit reports, reflecting our strategic audit priorities and risks and	**Complete** All annual audit reports provide an update on councils' progress with their Best Value obligations in our new integrated audit. This includes

Action	Progress at March 2018
issues of specific relevance to each council.	updates on progress by all councils involved in the year 1 BVARs. Auditors present these reports to each council in autumn each year.
	The Controller of Audit report on Annual Assurance and Risks, endorsed by the Commission in January 2019, highlighted significant issues arising from the council audit, and progress against the Commission's strategic audit priorities (SAPs).
Continuing to contribute to a review and update of the characteristics of Best Value being led by the Scottish Government and councils, including ensuring that it reflects our expectations.	**Continuing** The Scottish Government and COSLA continue with this review.
Undertake national performance audits on:	
Children and young people's mental health	**Complete** Published September 2018.
Health and social care integration (part 2)	**Complete** Published November 2018.
Value for money of non-profit distributing models.	**Continuing** Due to be published August 2019
Councils use of arms-length companies (identified in previous year programme)	**Complete** Published May 2018
We will also ensure that our work reflects the policy environment in which local government operates by considering throughout the year a range of briefings and reports on specific policy matters.	To keep informed of current issues, the Commission considers briefings on a diverse range of topics throughout the year including: • Community empowerment • Devolved social security powers. • Drugs and alcohol • EU withdrawal • Grenfell Tower • Housing • Local Government budget briefing Public health • Rural issues • Reducing child poverty. We make these public and share them with stakeholders.
Report the impact of previous performance audits on:	
Roads maintenance	**Complete** Published June 2018.
Community planning: an update	**Complete** Published August 2018.

Action	Progress at March 2018
Social work.	**Complete** Published December 2018.
Follow the public pound by:	
• Undertaking a performance audit health and social care integration • Reporting on the impact of our previous performance audit on community planning • Considering the issues arising from the annual audits of integration joint boards • Ensuring our national performance audits, reflect councils' leadership roles in partnership working.	**Complete and continuing** These reports on have been completed. The timing of the next integration of health and social care performance audit in 2023/24 is planned to allow time for changes to be implemented following our 2018 report. Ongoing monitoring will take place in this critical area through the annual audit of IJBs, the NHS overview, and BVARs. Our national performance audits include recommendations on leadership, including the need for effective collaborative leadership in integration authorities.
Continuing to work with our strategic scrutiny partners:	
Continue to work with our strategic scrutiny partners in coordinating and refining our approaches to the scrutiny, audit and inspection of councils.	**Complete and continuing** The National Scrutiny Plan for Local Government, and 32 local scrutiny plans for 2018/19 were published in April 2018. The Commission chairs the Strategic Scrutiny Group (SSG) responsible for coordinating local government scrutiny activity. This has identified actions, in consultation with councils, to better coordinate its activities including sharing audit intelligence.
Reflect the interests of the citizen, service user and communities in:	
Reflect the interests of the citizen, service user and communities by: • Reviewing our requirements of councils (in our statutory performance information Direction) to report performance to their citizens • Considering these interests in the scoping of all of our performance audit work • Reporting on these interests in our Best Value Assurance Reports	**Complete and continuing** The Commission published its two-yearly Statutory Performance Information Direction in December 2018 Our local government overview report and performance audits on integration joint boards, ALEOs, and children's mental health included recommendations highlighting the need to involve communities and to provide accessible information. All our Best Value Assurance Reports referred to customer and citizens' views of council performance. Local promotion strategies targeted local groups including community councils, third sector, tenants' associations and businesses. The Commission will continue working with its scrutiny partners to develop its audit response to community empowerment.

Action	Progress at March 2018
• Developing with our scrutiny partners joint approaches to scrutinising community empowerment.	

Promote good practice and innovation by:	

Promote good practice and innovation by:
 	
• Publishing a report in our How Councils Work series on internal controls and scrutiny.
 	
• Ensuring that every performance audit:
 	
  – contains practical advice for councillors and officers
 	
  – makes background data available for use by councils and citizens.
	Complete and continuing
	
	All our published performance audits and overview reports have fulfilled this objective. Examples are:
	
	• Both LG Overview reports include supplementary checklist tools to help councillors understand their council's position, scrutinise performance and take difficult decisions.
	
	• The HCW report on risks will include good practice checklists for councillors and officers.
	
	Our performance audits contain links to background data to exhibits, eg Children and young people's mental health and highlight good practice eg via checklists for councillors and officers.
	
	Our website includes additional information resources including:
	
	• exhibits to visualise complex information
	
	• animations on the key facts and messages from reports
	
	• ready access to published reports and planned work
	
	• special interest 'hubs' including health and social care, and digital services

Commission publications 2018/19

Publication	Publication date	Report downloads / podcasts	
Overview reports			
Local Government in Scotland: Challenges and performance 2018	April 2018	Downloads	6579
		Podcasts	141
Local government in Scotland: Financial overview 2017/18	Nov 2018	Downloads	2094
		Podcasts	78
Local government in Scotland: Challenges and performance 2018	March 2019	Downloads	806
		Podcasts	41
BVARs			
- Fife Council	May 2018	Downloads	2175
		Podcasts	48
- East Ayrshire Council	May 2018	Downloads	2002
		Podcasts	104
- West Dunbartonshire Council	June 2018	Downloads	1291
		Podcasts	21
- Glasgow City Council	August 2018	Downloads	1673
		Podcasts	71
- Dumfries and Galloway Council	November 2018	Downloads	1028
		Podcasts	N/A
- East Lothian Council	November 2018	Downloads	1111
		Podcasts	78
South Lanarkshire	March 2019	Downloads	149
		Podcasts	N/A
Statutory reports			
Report on Edinburgh schools (re Oxgang primary school)	April 2018	Downloads	1233
		Podcasts	137

Publication	Publication date	Report downloads / podcasts	
Performance Audits			
Councils use of arms-length companies	May 2018	Downloads	2085
		Podcasts	62
Children and young people's mental health	September 2018	Downloads	5716
		Podcasts	180
Health and social care integration (part 2)	November 2018	Downloads	7730
		Podcasts	256
Impact reports (Downloads only)			
Roads maintenance.	June 2018	928	
Community planning: an update	August 2018	736	
Social work in Scotland	December 2018	657	
Annual reports and strategies (Downloads only)			
Accounts Commission Annual report 2017/18	June 2018	574	
Engagement plan 2017/18: Progress report	June 2018	47	
Accounts Commission Strategy and annual action plan 2018-23	June 2018	749	
Accounts Commission Engagement strategy and engagement plan 2018/19	June 2018	581	

Annual report

2018/19

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ACCOUNTS COMMISSION ✔

MEETING: 9 MAY 2019

REPORT BY: SECRETARY TO COMMISSION

DRAFT COMMISSION STRATEGY UPDATE

Purpose

1. This report proposes a revised Commission Strategy 2019-24 and annual action plan for 2019/20.

Background

2. The Commission's five-year rolling Strategy is updated annually. Part of the Strategy is an annual action plan, setting out detailed commitments, against which the Commission reports annual progress. The Commission's annual report, reviewing progress against last year's Strategy, is elsewhere on today's agenda.

3. The Commission uses its Strategy Seminar to consider how it may wish to update or revise its Strategy and action plan. At its Strategy Seminar on 12-14 March, the Commission agreed that its Strategic Audit Priorities (SAPs) remained valid but suggested some changes of emphasis in how they are stated. It also agreed that the current schedule of Best Value Assurance Reports (BVARs) should be completed with a consistent approach, without changing the expectations on councils.

4. This year's updated strategy therefore takes a similar format to that of last year as we continue our current approach to Best Value auditing and other work. The strategy will however be updated to include the Commission's revised SAPs and the annual action plan of work. It will also cross reference our updated Engagement strategy and plan. The Commission also discussed significant developments in coming years including the new Code of Audit Practice and a new round of auditor appointments, and how the Commission will develop its audit work in relation to these. It is proposed that next year's strategy refresh covers these major issues further once there is greater clarity over our proposed approach in these developing areas. There is however reference in this draft Strategy to this significant milestone.

Revised strategy

5. A proposed revised strategy is set out in the **Appendix**. The Commission is asked to consider this revised Strategy and accompanying annual action plan as the basis for our work in the coming year and beyond.

Next steps

6. It is proposed that the revised Strategy be published on 31 May 2019, alongside a revised Engagement strategy and plan 2019/24 (elsewhere on today's agenda) which complements the Strategy. A range of other documents reporting the Commission's progress over the past year are also to be published on that date, namely the annual report 2018/19 (incorporating an annual action plan progress report) and the progress report for last year's Engagement plan.

7. It is proposed that publication will be accompanied by a letter from the Chair to all councillors in Scotland. The Chair will also write to council chief executives and other significant stakeholders, including ministers and MSPs. Audit Scotland will reflect the revised Strategy in planning its work.

8. The revised Strategy will form a basis of the Commission's Mid-Year Strategy Seminar in the Autumn. The Commission will also receive a paper later this year on options for future reporting opportunities to streamline our annual reporting.

Conclusion

9.   The Commission is invited to.

     a) Consider for publication the draft revised Commission Strategy 2019/24.

     b) Agree publication arrangements and next steps for the Strategy.

Paul Reilly
Secretary to the Commission
3 May 2019

Strategy and annual action plan

2019-24

Who we are

The Accounts Commission is the public spending watchdog for local government. We use our powers to hold local government to account and help it improve, and we assure the public about the performance of their council. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services. We ensure that councils publish the right information to enable citizens to assess their council's performance.

We were established in 1975 'to secure the audit of all councils in Scotland and to undertake and promote comparative studies to improve the economy, efficiency and effectiveness in how councils provide services'. Since our establishment, our remit has been extended by the Scottish Government:

- In 2003, we were given the responsibility to audit councils' duty of Best Value and community planning.

- In 2008, we were asked to take on a coordinating role to support the delivery – in conjunction with our scrutiny partners – of better aligned and more proportionate and risk-based scrutiny of local government.

- In 2012, we were asked to develop an audit framework designed to strengthen the accountability of Community Planning Partnerships and support their improved performance.

- In 2013, we were given the responsibility to audit health and social care integration joint boards (including the duty of Best Value).

The Controller of Audit reports to the Commission on the audit of local government. The post is independent and is established by statute.

The Commission delivers public audit in Scotland along with the Auditor General who audits the remainder of the public sector in Scotland. Audit Scotland was created in 2000 to provide services to the Commission and to the Auditor General.

We have jointly published with the Auditor General and Audit Scotland Public audit in Scotland, which sets out the principles and themes of public audit and how it fits with and responds to the public policy environment in Scotland in which we operate.

You can find out more about our role, powers and meetings on the Accounts Commission web pages.

Contents

Context

As the public's independent watchdog, the Commission provides assurance that public money is well spent, it also helps councils to improve. We need to be alert to the environment in which councils operate, which sees:

- reduced resources – public spending is likely to decline in real terms for the foreseeable future

- demographic change – Scotland's population is ageing, and more people are living in poverty, which puts more pressure on services and resources

- increasing expectations over public services, and how the public is involved in their design and delivery

- increasing empowerment of citizens and communities in their relationship with councils

- flexibility in how local public services are delivered, with councils choosing different options to deliver services and a greater emphasis on collaborative working

- a commitment by the Scottish Government to review local governance structures

- enhanced devolution and increased financial powers to the Scottish Parliament

- implementation of the referendum decision that the UK leave the European Union.

We recognise these factors place significant pressures on councils as they strive to deliver high-quality services and improve outcomes for local people.

Beyond next year: enhancing public trust in audit

In reporting to the public, it is important to the Commission that we are regarded as independent, impartial and have integrity.

Current reviews of the auditing profession place a strong focus on the need for independence of auditors from the bodies they audit. Alongside the Auditor General, we maintain the public audit model in Scotland. This is fundamentally different from the private sector audit regime. It is well placed to meet the challenges arising from these reviews and proposed features to reduce threats to auditor independence. The public audit model in Scotland includes:

- Independent appointment of auditors by the Commission and the Auditor General

- Appointing auditors from both Audit Scotland and private sector firms, which also encourages learning and good practice

- Rotation of auditors, currently every five years

- Independent fee setting arrangements and limits on non-audit services (i.e. services to audited bodies by audit providers which are outside of the audit)

- A comprehensive audit quality framework

The Commission is working with the Auditor General to put in place a new Code of Audit Practice, which sets out the expectations of auditors, from 2021. This will be accompanied by the appointment of a new round of auditors. The Commission will take this opportunity to ensure that its work is fit for purpose and best delivers its commitment to provide assurance and help improvement in Scottish local government.

Our strategic audit priorities

We expect councils to show how they are making the best use of their resources and improving their performance. This is a fundamental to their Best Value obligations to the communities they serve. By applying rigorous self-evaluation councils can focus on where improvement is most needed to help them deliver on their priorities.

Over the next two years we will complete our current cycle of Best Value Assurance reports across Scottish councils. We will largely maintain our current approach and our expectations of councils.

We evaluate how councils are demonstrating improvement. Based on our work each year, we revise the priorities on which we ask auditors to report particularly in annual audit work and auditing Best Value. These are:

- Having clear priorities with a focus on outcomes, supported by effective leadership and long-term planning.

- The strategic appraisal of options to re-shape services in line with priorities. This should consider good practice, innovation and collaborative working with partners.

- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.

- Empowering local communities and involving them in the design and delivery of local services and planning for their local area.

- Reporting the council's performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

Our work

We will maintain a five-year rolling programme of work reflecting the following:

Ensuring our **overview reports** address key local government issues and report these to the public and councils.

Continuing our new approach to the **annual audit and auditing Best Value** reporting on how councils deliver key public services and make use of public money.

Ensuring that our **national performance audit work** addresses key areas of public policy and supports improvement in those areas.

Ensuring that our work **follows the public pound** by reporting on the range of approaches used by councils to deliver services and improve outcomes for communities.

In conjunction with our scrutiny partners, continuing to **coordinate the audit, inspection and regulation of local government** in Scotland.

Better reflecting the interests of the citizen, service user and communities in our work, through auditing Best Value in councils, national performance audits, and through joint work with our scrutiny partners.

Promoting good practice and innovation in our work and making more effective use of data and analysis in our reports.

We will involve our stakeholders in taking this work forward, including the Scottish Parliament, councils, trade unions and various representative organisations such as for community groups, and people who use services. Our *Engagement strategy and plan 2018/19* sets out our aims for taking this forward.

We will also ensure that we continuously improve our own work by reviewing our working practices and the quality of our reports. We will test and report on our performance and impact and consult regularly on this with our stakeholders.

Annual action plan

This action plan sets out how our work over the next 12 months will take forward our strategy. We will report progress at the end of that period. We will:

Publish our overview reports setting out our assessment of local government, based upon all our audit work.

- Local Government Overview
- Local Government Financial Overview

Take the audit forward by:

- Reporting seven Best Value Assurance Reports:
    - Highland Council
    - Midlothian Council
    - North Lanarkshire Council
    - Perth and Kinross Council
    - Scottish Borders Council
    - South Lanarkshire Council
    - Stirling Council
- Providing Best Value assessments in all annual audit reports, reflecting our strategic audit priorities and risks and issues relevant to each council.
- Contributing to a review of the Best Value framework and characteristics being led by the Scottish Government and councils.

Undertake national performance audits on:

- City Deals
- Early learning and childcare (follow-up)
- NPD projects
- Educational outcomes
- Affordable housing

We will also ensure our work reflects the local government environment by considering and sharing a range of briefings and reports on significant policy matters affecting local government.

Report the impact of our previous performance audits on:

- Follow-up report on self-directed support
- Impact report on Equal pay in councils

Follow the public pound by:

- Assessing compliance to local following the public pound codes, and value for money through the annual audit
- Considering councils' arrangements for alternative delivery options such as arms-length organisations in our annual audit and Best Value work
- BVARs assessing councils' performance and use of resources
- Examining collaborative spending through our audit work on non-profit distributing projects, City Deals, and integration authorities.

Continue to work with our strategic scrutiny partners in coordinating and refining the scrutiny, audit and inspection of councils.

Reflect the interests of the citizen, service user and communities by:

- Ensuring our performance audits consider a service-user and equal opportunities / human rights perspective
- Promoting messages from our Best Value audit in councils to local communities.
- Developing joint approaches to scrutinising community empowerment with our scrutiny partners.
- Reporting on councils' fulfilment of our statutory performance information Direction to report performance to their citizens
- Consulting on our work programme and looking to involve the public more in our work.

Promote good practice and innovation by:

- Publishing our How Councils Work report on safeguarding public money
- Ensuring that every performance audit:
    - contains practical advice for councillors and officers
    - makes background data available for use by councils and citizens.
- Promotion strategies for performance audits to include options to share good practice and innovation.

Strategy
2019-244

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ACCOUNTS COMMISSION

AS

MEETING: 9 MAY 2019

REPORT BY: SECRETARY TO COMMISSION

COMMISSION ENGAGEMENT STRATEGY REPORT AND UPDATE

Purpose

1. This paper presents a progress report against the Commission's 2018/19 Engagement Strategy and Action Plan, and a proposes a revised Engagement Strategy for 2019/25.

Background

2. The Commission currently publishes a five-year rolling Engagement Strategy and annual action plan which is updated each year. It also publishes a progress report each year against the engagement action plan.

3. The Commission will receive a paper later this year on options for future reporting opportunities to streamline our annual reporting.

Engagement Plan 2017/18 - progress

4. An update of progress against the 2018/19 Engagement Plan is in **Appendix 1**. Highlights of the year include:

    -   Engagement events with leaders and chief executives of councils, held in autumn 2018, attended by the majority of councils.

    -   Continuing a more targeted approach to engage local communities over our Best Value Assurance Reports, using social media and podcasts and animations to promote our messages.

    -   A good response to our work programme consultation exercise, with 21 councils and SCVO responding, with points raised shared with the Commission and audit teams.

    -   Continued development of promotional strategies in our performance audit work.

Proposed revised Strategy and Plan

5. A revised Engagement Strategy and Plan is proposed in **Appendix 2**. This reflects themes set out in the Communications and engagement paper considered by the Commission at the private session at its March 2019 meeting. It sets out the Commission's aims to reach wider audiences to increase its impact. It also reflects the Commission's interests discussed at its strategy seminar in March this year to promote its work to wider audiences. Supporting activity will be undertaken throughout the year in line with the strategy, such as work already underway to make greater use of blogs, exploring options to involve the public more in our work, and reviewing how we consult over our work programme.

Next steps

6. It is proposed that the updated Engagement Strategy and Plan be published on 31 May 2019, alongside a revised Commission Strategy 2019-24 (elsewhere on today's agenda) which complements the Engagement Strategy. The progress report for last year's Engagement Plan will also be published on that day.

7.   It is proposed that publication will be accompanied by a letter from the Chair to significant stakeholders, including councils, ministers and MSPs.

Conclusion

8.   The Commission is invited to approve for publication:

   a) The Engagement Plan 2018/19 progress report (Appendix 1)

   b) The Engagement Strategy and Plan 2019-24 (Appendix 2).

Paul Reilly
Secretary to the Commission
3 May 2019

Engagement plan progress report 2018/19

Action	Stakeholders	Progress
We will meet regularly with principal stakeholders to discuss our strategy and issues of mutual interest.	COSLA, SOLACE, Scottish Parliament, Scottish Government	We met with COSLA, SOLACE, Parliamentary committee conveners and party representatives, and the Scottish Government.
		Representatives of the Board of the Local Government Benchmarking Framework attended a meeting of a Commission committee in February 2018.
		Work of the Scottish Government / COSLA working group to refresh the Best Value statutory guidance remains ongoing.
We will publish our: • annual report • Strategy and action plan • Engagement strategy and plan and promote it among stakeholders.	All stakeholders	We published this set of reports in June 2018. We informed council leaders, chief executives, Parliamentary committee conveners and party representatives, Scottish Government, and other stakeholders.
We will consult stakeholders on our draft work programme.	Local government stakeholders	In December 2018 we invited views from councils, trades unions, COSLA, SOLACE, and SCVO, on our proposed work programme. The Commission considered all comments in agreeing its work programme at its February 2019 meeting. In March 2019 we responded to all stakeholders and published our agreed programme jointly with the AGS on our website.
We will explore with stakeholders how to develop our audit work to ensure that we are effectively reflecting the policy environment	All stakeholders	We held a 'round table' discussion event to explore housing issues to inform our briefing paper on this subject.
		Over September/October 2018 we held six *Council Conversations* events attended by leadership representatives from 29 councils to hear their views on our work and to learn more about the issues facing them.
		All our performance audits used advisory groups comprising stakeholders and practitioners as appropriate to comment on the scope and emerging messages of our work.
		We met twice with Audit Scotland's equalities and human rights advisory group to hear views from communities on our work programme.

Action	Stakeholders	Progress
We will review with those carrying out audit work how they are developing and improving the work	Audit Scotland and private firms	Audit Scotland has a comprehensive quality assurance function to review audit quality from both Audit Scotland and private audit firms we employ. This reported to Commission committees throughout the year. We also sought views on our work from councils, audit staff and other stakeholders.
We will publish our overview reports, performance audit reports and impact reports and promote their key messages and themes (publication dates to be confirmed): • Local government financial overview (Autumn 2018) • Local government overview (Spring 2019) • Children and young people's mental health (Autumn 2018) • Health and social care integration (Autumn 2018) Impact reports: • Community planning: an update (summer 2018) • Roads maintenance (summer 2018) • Social work (autumn 2018)	Citizens and communities All stakeholders	All overview reports and performance audits were shared directly with councils. We wrote to all council leaders and chief executives promoting the key messages and themes. Our overview and performance audit reports were formally considered by many councils and featured in discussion between local auditors, council audit and scrutiny committees, and council management teams. We alerted stakeholders to these published reports through our email distribution including: • Council leaders and chief executives (and chairs of audit and scrutiny committees as appropriate • Local government (including health and social care integration authorities) • Scrutiny partners • Professional bodies as appropriate • Scottish Government • Scottish Parliament We published the Councils use of ALEOs performance audit in May 2018 and accepted a request to support a training event on this in one council (timing TBC). We briefed the Local Government and Communities Committee on: • Local government overview 2018: April 2018 • Local government in Scotland: Financial Overview 2016/17/18: December 2018. The Auditor General and Audit Scotland's Director of Performance Audit and Best Value briefed the Public Audit and Post-Legislative Scrutiny Committee on our joint reports A Scottish Government Ministerial Steering Group drew on the recommendations from our Health and social care integration report to drive improvement.

Action	Stakeholders	Progress
We will publish Best Value Assurance Reports (BVARs) and follow-up Best Value reports: • Dumfries and Galloway • East Ayrshire • East Lothian • Fife • Glasgow City • West Dunbartonshire	Citizens and communities All stakeholders	The Commission discussed all BVARs in public and published the reports with podcasts on our website. We inform local press and media to raise awareness of our reports. We promoted our BVARs locally, sharing them with local communities and third sector groups. We alerted stakeholders to these published reports through our email distribution including: • Council leaders, councillors, chief executives (and chairs of audit and scrutiny committees as appropriate • Local government (including health and social care integration authorities) • Scrutiny partners • Professional bodies as appropriate • Scottish Government • Scottish Parliament
We will maintain fruitful dialogue with the Auditor General and Audit Scotland in our work	Auditor General and Audit Scotland	The Commission has worked closely with the Auditor General and Audit Scotland to develop, monitor and maintain our joint work programme, which was updated in March 2019.
We will explore public expectations of us and our work	Citizens and communities	The Commission has considered options for increasing public involvement and plans to build on its engagement work with representative groups. We also seek public and stakeholder feedback on our reports through our audit quality reviews.
We will increase the accessibility of our meetings	All stakeholders	We are looking at options to make our meetings more accessible including: • Video blogs and blogs • Use of video conference / webcasting • Social media / twitter We will continue to monitor demand and uptake to inform our approach.
We will increase our social media presence	All stakeholders	We are building our social media presence through our Twitter account set up in May 2018. This now has over 300 followers and is used to promote our reports, and in March 2019, our brief animation about the role of the Commission. We are working with the improvement service to present a webinar on the BVAR process in April 2019.

Engagement strategy and plan

2019/24

ACCOUNTS COMMISSION

Who we are

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees

- assessing the performance of councils in relation to Best Value and community planning

- carrying out national performance audits to help councils improve their services

- requiring councils to publish information to help the public assess their performance.

You can find out more about our role, powers and meetings on the Accounts Commission web pages .

The current members of the Commission are listed on page X

Contents

Introduction

The Accounts Commission and its partners

The Accounts Commission is the public spending watchdog for local government. We safeguard public money and to assure the public over the services they receive.

We work together with the Auditor General for Scotland to deliver public audit in Scotland. Audit Scotland carries out our programme of audits on our behalf. Our Public audit in Scotland report sets out our role in public audit.

The purpose and scope of this engagement strategy

As the local government watchdog, we report on how local services perform and how public money is used. Our work helps to protect public money, it also helps councils to improve.

By making our work as accessible as possible we support public scrutiny. Our work also helps residents and communities take a greater part in local services. By making clear findings and communicating our messages widely we can increase the impact of our work. Our strategy sets out how we will promote our messages and engage the public and our stakeholders to keep our work relevant.

This engagement strategy and annual engagement plan complement the Commission's Strategy. It identifies our stakeholders, the reasons why we engage with them and the methods or channels we will use. It sets out areas the Commission will continue to develop to promote its messages more widely and involve the public. We will report annually on our progress.

Our stakeholders

We engage with a wide range of stakeholders

Our engagement objectives

Public scrutiny is vital to drive improvement and hold councils to account. The Commission is the only body that gives an independent assessment of each council. Our engagement activity comprises two main areas:

- Our external engagement to communicate our messages clearly and involve the public and our stakeholders in our work; and

- Our internal communications within our organisation and with our audit and scrutiny partners.

The following objectives apply to our communications activity for 2019/20 and beyond. We will incorporate these broad aims into the Accounts Commission's future strategy statements and report on these accordingly.

Accounts Commission Engagement Strategy Objectives
We hold councils to account and help them to improve. We operate impartially and independently, and we meet and report in public. In engaging with the public and our stakeholders we will: ❖ **Support public scrutiny by informing the public about how public money is spent and the quality of local services**   ❖ **Increase the reach of our work and demonstrate its impact**   ❖ **Keep our audit relevant to the public, local government and other stakeholders**   ❖ **Work in partnership with others to plan and deliver public audit**   ❖ **Communicate with our audit colleagues and scrutiny partners to improve our effectiveness**

Who are our audience and how should we engage?

We engage with the public and a wide range of stakeholders: councils, Scottish parliament, and the various professional bodies and representative groups we deal with. The wider public covers many and varied groups, for example people who use services, tax payers, hard to reach groups and so on.

We recognise that the requirements of those we consult with – and how they may use of our work - will be different. We need to use different ways to communicate with and involve them.
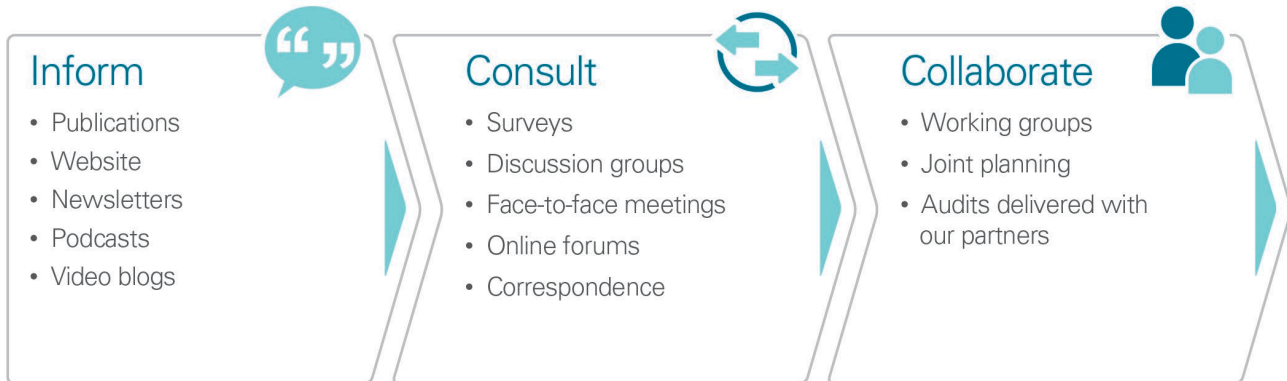
The potential 'asks' or interests of our different audiences are outlined below. The 'How we engage' section of our strategy shows how we plan to tailor our work to these different audiences. In turn this will help to increase the impact of our work. We will develop our understanding of these 'asks' or expectations through our ongoing engagement activities.

	Audience*	Potential 'asks' *
	The public	**How good are my services?**
	Our work is relevant to people who use services, tax payers, citizens and communities. We will use local promotion plans to sign-post our work and promote our messages in different ways.	**Does my council offer good value?** **Does it need to improve?**
	Press and broadcast media	**What has the watchdog found?**
	The media is vital to help us engage with the public and communities. We will use press releases, video blogs, podcasts and other means to help promote our messages.	**Where is the council doing well?** **Where can it improve?**
	Councils	**How well is my council performing?**
	We will engage with councils and their partners to make clear our role in assurance and improvement and promote our audit work. We will keep up-to-date of the issues facing them.	**Are we self-aware?** **Where do we need to improve?** **Do you recognise the pressures we face?** **How will your audit add value?**
	Scottish Parliament and Government	**How well is local government working?**
	We will support parliament's scrutiny of government by presenting our findings. We will engage to assure our activities fit with the wider agenda for public service reform.	**How do councils contribute to national priorities?** **How do they improve outcomes for local people?**
	Auditor General and Audit Scotland	**What are our shared priorities?**
	We work together to deliver public audit in Scotland. We will ensure a mutual understanding of our priorities, agree work that we can do jointly, and to ensure that our priorities are delivered by Audit Scotland.	**Where can we work jointly with others?** **How do we add value?** **How do we help to improve?**

* The 'asks' are not exhaustive; we continue to develop our understanding of stakeholder expectations.

How we engage

We will use different methods to engage depending on the message and the audience

Inform	Consult	Collaborate
• Publications • Website • Newsletters • Podcasts • Video blogs	• Surveys • Discussion groups • Face-to-face meetings • Online forums • Correspondence	• Working groups • Joint planning • Audits delivered with our partners

We engage for varying reasons to communicate our messages, to seek views on our work, and to work in partnership with others. Our engagement has three purposes:

- **Inform -** promoting our audits and related information.

- **Consult -** seeking the public and our partners' views on our work

- **Collaborate -** working with others to shape and deliver what we do

The Commission communicates externally with the public and other stakeholders to inform them about our audit and its messages. This includes our 'Best Value' audit reports on individual councils, and our performance audit and overview audits that look across councils and services nationally. We also report on the Commission's priorities, plans and progress through our annual reports and strategy.

We use different channels or tools to share our reports and key messages, for example:

- performance audits and our Best Value reports on councils each have a promotion plan

- podcasts, blogs and press releases are used to share key messages

- reports are designed to make them easily read on mobile devices, and key exhibits are shared through social media to sign-post our work.

In doing this we will consider the likely expectations, or 'asks' of our audience. We will also consider the costs of using such approaches with their likely impact. We also encourage councils themselves to be open to innovative forms of reporting their performance to their communities. The Commission's Statutory Performance

Information Direction sets out requirements for how councils should publish public information on their activities and performance.

Meeting our local government stakeholders

We meet with councils, parliament and other stakeholders to discuss our work and seek their feedback. Our **Engagement Plan** sets out in detail what this will involve. We will measure our progress with this in our Annual Report.

We seek views from councils, trades unions and other public bodies on our forward work programme, and our Statutory Performance Information Direction. Our briefings to Parliament on our overview reports are now an established part of its budget scrutiny process.

Much of our engagement work involves our local government stakeholders. For example, briefing newly elected councillors on our work, and meeting with representative bodies such as the Convention of Scottish Local Authorities (COSLA) and the Society of Local Authority Chief Executives in Scotland (SOLACE). The Scottish Parliament is a key stakeholder and we our reports are considered by the Local Government and Communities committee, and other committees as appropriate to support their public scrutiny processes.

We meet with all the councils involved after the publication of Best Value Assurance reports. This exchange of views gives us valuable insight into issues important to councils and helps build our dialogue with councils.

The Commission coordinates local government scrutiny through a strategic group of scrutiny partners including the Care Inspectorate, Education Scotland, and the Scottish Housing Regulator. We also engage internally with Audit Scotland and our partners including the audit firms we work with, to plan and deliver our work.

Involving the public in our work

We need to understand issues relevant to the people of Scotland to keep our work relevant and help improve our public services.

Involving the wider public more in our work is an increasing focus for the Commission. For example, we meet with an Equalities and Human Rights Group to inform our work. And Audit Scotland run a youth panel with Youth Scotland to seek the views of school-age people from various backgrounds. We also seek councils' and others' opinion on aspects of our audit reports through our quality review team.

We will develop our public engagement work further. We plan to look at options to invite wider public comment on our reports, engage further with other representative bodies, and make greater use of social media to promote and gather feedback on our work. We will report on progress through our Annual Report.

Our annual engagement plan

Our annual engagement plan sets out our key engagement activities over the next year (to the end of March 2020. We will report our progress against this plan at the end of the year.

What we will engage about	Who we will engage with	How we will engage	When we will engage
Involving the public and stakeholders			
Meeting our local government stakeholders to discuss our strategy and our work	COSLA, SOLACE, Scottish Parliament, Scottish Government	Meet as required with COSLA, SOLACE, Parliamentary committee conveners, party representatives, and the Scottish Government. Attend the Local Government and Communities committee re our local government overview reports. Hold *Council Conversation* events (currently every two years) with council leadership.	Throughout the year
Seeking views on our audit work programme	Councils, trades unions, third sector and other stakeholders.	Seek views on our five-year rolling audit programme. Publish our programme on our website, promoted through social media and version on our website. Advise the Commission and audit teams of consultation feedback to inform our work. Consider options to refine our future approach to this consultation.	Early 2020
Involving the public in our work	The public and representative groups	Explore options to: – Engage with new representative groups to inform our work (we meet with an equalities and human rights advisory group); – Seek wider public views on our work eg through our website.	Throughout the year
Assuring the quality of our work	Councils, the public and our partners	Meet with councils following publication of a BVAR to seek their views on the audit	Throughout the year

What we will engage about	Who we will engage with	How we will engage	When we will engage
		Consider reports from our independent Audit Quality team including feedback from councils and other stakeholders.	
Working with our partners	Auditor General, Audit Scotland Scrutiny Partners, audit firms	Develop a joint programme of work with the Auditor General in areas of mutual interest. Coordinate scrutiny activity with our scrutiny partners through our Strategic Scrutiny Group. Engage with stakeholders as appropriate to plan and deliver our work eg through advisory groups; identifying good practice; and incorporating the service user perspective Commission members, as audit sponsors, will meet with stakeholder advisory groups to inform the audit.	
Supporting improvement and promoting our work	Local government stakeholders	Continue to share good practice through exhibits, infographics and checklist tools. Develop and promote our How Councils Work series. Support councils, Improvement Service and other partners in learning events, conferences and webinars. Provide updates of current issues through briefings and events / round table discussions	Throughout the year

Promoting our audit work

Our rolling five-year work programme **sets out our audit activity (Commission, Auditor General, and jointly reported work). Areas the Commission will be taking forward over 2019/20 include:**

What we will engage about	Who we will engage with	How we will engage	When we will engage
Local Government Overview reports	The public, councils and our stakeholders	Publish our overview reports on our website with supporting information. Promote key issues and themes using checklists, podcasts, key exhibits, using social media. Notify council leaders, chief executives, Scottish Parliament/Government representatives as appropriate. Present these reports to Parliament committee.	LGO spring 2019 LGFO autumn 2019
Best Value Assurance reports (BVAR) for individual councils	The public, councils and our stakeholders	Publish seven BVARs each with a tailored promotion plan re: • *Highland* • *Midlothian* • *North Lanarkshire* • *Perth and Kinross* • *Scottish Borders*	Throughout the year

What we will engage about	Who we will engage with	How we will engage	When we will engage
		• *South Lanarkshire* • *Stirling.*	
Our national performance audits	The public, councils and our stakeholders	Publish reports on areas of significant public interest: • *City Deals* • *Early learning and childcare – impact and follow-up* • *Educational outcomes* • *Affordable housing* • *Revenue financing of assets* Each with a promotion plan, and subject to a future impact report to see how recommendations have been acted upon.	Throughout the year
Impact reports	The public, councils and our stakeholders	Publish two impact reports: • *Self-Directed Support follow up (Joint report with the Auditor General)* • *Equal Pay in councils* These are undertaken around 18 months after publication of a performance audit. They report on how public bodies have responded to our recommendations.	Throughout the year
Our strategy and annual reports	The public, councils and our stakeholders	Publish on our website and inform our stakeholders in local government, Scottish Parliament / Government: • Strategy and annual action plan, • Engagement Strategy and plan. • Annual Report (including progress against our action plans) Review future options to streamline our annual reporting.	Spring 2019
Our work programme	The public, councils and our stakeholders	Publish our work programme on our website after we have consulted with stakeholders.	Early 2019
Briefings	The public, councils and our stakeholders	Publish on our website briefings / information on current issues as appropriate re: • *Community Empowerment* • *Cybersecurity* • *Drug and Alcohol briefing* • *Leadership* • *Local economic development*	Throughout the year

What we will engage about	Who we will engage with	How we will engage	When we will engage
		• *Teacher workforce planning*	

Engagement strategy and plan
2019/25

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ACCOUNTS COMMISSION ✓

MEETING: 9 MAY 2019

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

BVAR PROGRAMME 2020

Purpose

1. By the end of 2019, BVARs will have been reported covering nineteen councils. The seven BVARs proposed for the fourth year of the programme, will be reported in 2020.

Proposed councils for year 4 of the BVAR programme

2. The five year BV programme ensures a BVAR is published on every council by the end of 2021.

3. Following consideration of ongoing intelligence from auditors, the seven councils included in the year four BVAR programme are:

Council	Auditor
Argyll and Bute	John Cornett, ASG
Moray	Brian Howarth, ASG
North Ayrshire	Deloitte
City of Edinburgh	Scott Moncrieff
Dundee City	Fiona Mitchell-Knight, ASG
Aberdeenshire	Gillian Woolman, ASG
Falkirk	EY

4. The councils included in the programme were chosen to reflect:

- a spread of councils (size and location);

- a spread of auditors to smooth the pressures on auditors;

- current intelligence on risk profiles gathered from local auditors through annual audit planning and local area network discussions.

5. The plan is for the seven reports to be presented to Commission meetings from April to November 2020.

6. The remaining six councils where BVARs will be published in the final year of the programme, in 2021, are Shetland Islands, Eilean Siar, East Dunbartonshire, South Ayrshire, Angus and Aberdeen City councils.

Conclusion

7. The Commission is asked to endorse the proposed schedule of councils to be included in the year four BVAR programme.

Fraser McKinlay
Director of Performance Audit and Best Value
9 May 2019

MEETING: 9 MAY 2019

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: NORTH LANARKSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for North Lanarkshire Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.

3. The attached BVAR (Appendix 1) is on North Lanarkshire Council. This is the first BVAR on the council and reports on the progress made by the council since previous Best Value reports. The Controller of Audit reported to the Accounts Commission on the council on 30 April 2008. The Commission's findings were published in May 2008 and are set out in Appendix 2.

The Controller of Audit report

4. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:

    - the accounts of local authorities audited under the Act;

    - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and

    - the performance by a local authority of their statutory duties in relation to best value and community planning.

6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:

- direct the Controller of Audit to carry out further investigations
- hold a hearing
- state its findings.

9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.

10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.

11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:

   a) consider the Controller of Audit's BVAR on North Lanarkshire Council; and

   b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
1 May 2019

APPENDIX 1: BEST VALUE ASSURANCE REPORT: NORTH LANARKSHIRE COUNCIL

See separate paper.

**APPENDIX 2: AUDIT OF BEST VALUE AND COMMUNITY PLANNING:
NORTH LANARKSHIRE COUNCIL, MAY 2008: COMMISSION FINDINGS**

1. The Commission accepts this report on the performance of North Lanarkshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates, and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

2. North Lanarkshire Council demonstrates a strong commitment to improvement. We recognise the challenges arising from the degree of deprivation in the area of the council and the low base from which the council started, and acknowledge the pace of change across the council and its high rate of service improvement. We appreciate that the council recognises areas where improvement is needed in service delivery and would encourage the council to focus attention on these areas.

3. The particular aspects of the council which the Commission welcomes include:

   - good strategic direction, with good leadership and clear vision

   - consultation with service users

   - a strong commitment to continuous improvement

   - well-developed arrangements for financial, asset and risk management.

4. The Commission will be interested to see the council implement its improvement agenda, particularly in respect of:

   - an increase in uptake of training by elected members

   - the development of the scrutiny of policy implementation

   - the production of a comprehensive human resources strategy, together with improved sickness absence rates and staff morale.

5. We recognise that North Lanarkshire Council has the capacity and ability to build on its current high performance and look forward to seeing further improvement.

North Lanarkshire Council

Best Value Assurance Report

AUDITSCOTLAND

The Accounts Commission

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- assessing the performance of councils in relation to Best Value and community planning

- carrying out national performance audits to help councils improve their services

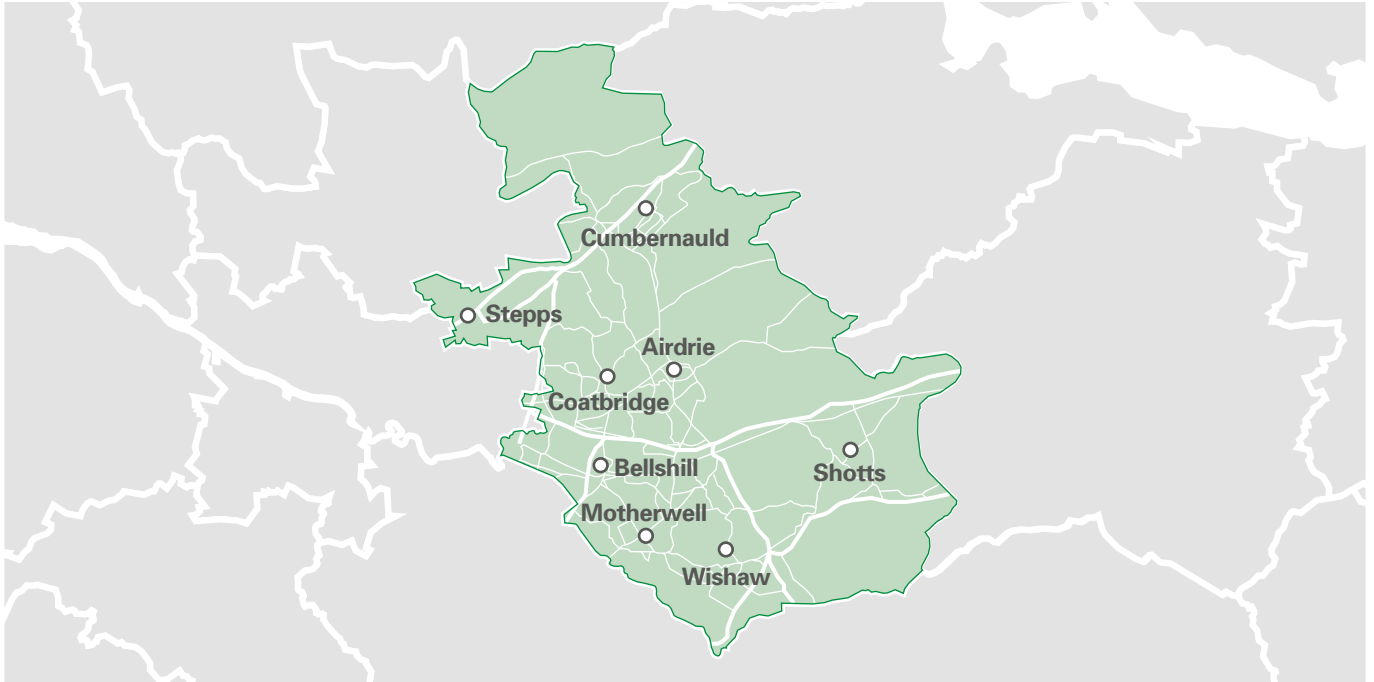- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Contents

Key facts

Map of North Lanarkshire showing: Cumbernauld, Stepps, Airdrie, Coatbridge, Bellshill, Shotts, Motherwell, Wishaw

181 square miles

Area

340,000

Population

12,300

Council Workforce

77

Elected members

33 Scottish Labour
31 Scottish National Party
 8 Conservative and Unionist
 5 Independent

36,000

Council houses

£781 million

2019/20 revenue budget[1]

£209 million

2019/20 capital budget[2]

£67 million

Budget gap 2019–24

1. Revenue budget covers day-to-day costs like wages, property repairs and maintenance and payments for goods and services.
2. Capital budget covers the cost of major projects such as schools, housing and town centre regeneration.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process forming part of a council's annual audit. Audit conclusions are reported through the Annual Audit Report, addressed to the Controller of Audit and the elected members. The Controller of Audit will also present a Best Value Assurance Report (BVAR) to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first BVAR on North Lanarkshire Council.

2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value. Councils should demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement indicates how well councils will meet their priorities in the future. Our work does not attempt to cover all the Best Value areas in the statutory guidance. The audit approach is proportionate and risk-based, that is, it reflects the context, risks and performance of the individual council. It also draws on information from previous years' audit and scrutiny work.

3. In this report, we show how we assessed North Lanarkshire Council's improvement over time and our conclusions are reflected in the Key messages. We did some initial work to identify risks and council initiatives to build into the scope of our audit. This included a scoping session with council officers, elected members and partner representatives. We also considered previous audit and inspection reports and intelligence, key council documents and our wider public sector knowledge and experience.

4. Exhibit 1 shows the areas we decided to focus on. Our detailed audit work was undertaken between November 2018 and January 2019 and included:

- interviews with elected members, senior officers and partners

- focus groups with elected members and staff from across the council

- observing council and committee meetings and attending community events

- document review and data analysis.

5. We gratefully acknowledge the cooperation and assistance provided to the audit team by elected members, officers and the council's partner organisations. As part of the annual audit of the council, our future work will follow up the findings and recommendations in this report. It will also include more detailed audit work on other Best Value areas as appropriate.

Exhibit 1
Key areas of focus for our audit
The audit considered a broad range of issues.

Vision and strategic direction (Part 1)

- North Lanarkshire Council's vision and how this fits with the North Lanarkshire Partnership's Local Outcomes Improvement Plan (LOIP)
- Economic regeneration
- Plans and potential impact of DigitalNL
- Governance and scrutiny arrangements, including elected member and officer relations

Performance (Part 2)

- Overall progress on performance and outcomes
- Developing performance reporting arrangements, including public performance reporting

Use of resources (Part 3)

- Financial position and future planning
- Housing development plans
- Workforce planning including the creation of 'A Workforce for the Future'

Partnership working (Part 4)

- Partnership working arrangements
- Adult care services
- Community engagement and empowerment

Continuous improvement (Part 5)

- Transformation Programme 2020 and key change projects
- Arm's-length external organisations service review
- Progress against key judgements in 2008 Best Value report

Source: Audit Scotland

Key messages

1. The council has demonstrated improvement in most areas from the 2008 Best Value report. The council is currently in a period of change following the appointment of a new chief executive in September 2018 and has a new vision for the area. This has presented an opportunity to increase the pace of change.

2. The vision for the area, "The Plan for North Lanarkshire", is ambitious and incorporates significant digital, town centre and housing transformation over the long term. A place-based planning approach underpins the vision, and this is reflected in the Local Development Plan for the area. The vision is supported by staff and partners, and detailed plans are being developed.

3. The council has improved performance across three of its five priority areas, but more than a quarter of service indicators are below target. Improvements in education attainment follow national trends. This is supported by initiatives such as "Club 365" and investment through the Scottish Attainment Fund. Performance reporting has improved recently and a Strategic Performance Framework and reporting schedule is now in place.

4. Satisfaction levels have declined across some services, but they are very good in housing. The transformation of health and social care in North Lanarkshire is being progressed. North Lanarkshire is achieving high levels of care at home for people aged 65 or over and is investing in reablement to sustain this.

5. The council is well-placed to tackle the financial challenges ahead. It has a good medium-term financial plan, low borrowing and a track record of delivering savings. A workforce strategy is in place but some of the plans to support this are still in development.

6. The council has a clear focus on partnership working. There are some good examples of effective engagement across North Lanarkshire and a more strategic approach is being developed. The council and its partners have been slow to progress locality plans in accordance with the Community Empowerment (Scotland) Act 2015.

7. The council has a good approach to self-evaluation and should ensure the actions from these exercises are clear and measurable. There is evidence of service reviews and improvements being made to create efficiencies and improve services.

Part 1
Does the council have clear strategic direction?

The council and its partners have an ambitious and shared vision, which is reflected in a new strategic plan for the area. The detailed plans to deliver the vision are in development.

The council and its partners understand the key challenges facing the area

1. North Lanarkshire occupies around 181 square miles in the central-belt of Scotland. The area is mainly urban with some rural areas. There are the three main urban areas in North Lanarkshire: Cumbernauld and Kilsyth, Airdrie and Coatbridge, and Motherwell and Wishaw. It also has 48 per cent of the marketable land within the West of Scotland and this includes Ravenscraig, a former steelworks site, that covers 466 hectares. [1] This site is being redeveloped and presents opportunities for North Lanarkshire. Key projects delivered on this site include New College Lanarkshire, a regional sports facility and housing.

2. The area is well connected to the transport network. It is situated less than an hour away from three of Scotland's international airports and has direct links to three major motorways; the M74, M80 and M8. There are also direct links with the UK's main rail lines at Motherwell, Bellshill, Coatbridge and Croy. Existing facilities at Mossend and Eurocentral will be enhanced by an International Railfreight Park which will offer connections to and from Scotland by 2020.

3. The council-area has a population of 340,000, making it Scotland's fourth largest local authority. The total population of North Lanarkshire is expected to stay the same to 2041. The expected increase for Scotland is 5.3 per cent. The population projections suggest that by 2041 North Lanarkshire's proportion of working age population will be lower than the national average. The proportion of pensionable age population is expected to increase by 29 per cent by 2041, which is above the national average. North Lanarkshire will have to manage the implications of fewer working age adults and an increased older population.

4. In 2017, the council established the North Lanarkshire Fairness Commission to develop policy recommendations aimed at tackling poverty and inequality in the area. The Commission, which is independent of the council, identified 16 recommendations. These recommendations focus on increasing fairer and more positive outcomes for the people of North Lanarkshire. The report was approved by the council in November 2018 and the recommendations have been reflected in The Plan for North Lanarkshire. It includes key areas such as:

- **significant levels of child poverty.** All council wards, apart from two, experience child poverty levels above the Scottish average of 21 per cent. In the worst ward area, 33 per cent of children are living in poverty.

[1] Industry, Businesses and Offices Monitoring Report 2016/17, Clydeplan, April 2018.

- **the earnings lag.** People living in North Lanarkshire earn less than the Scottish (£563) and UK (£571) weekly average levels, with pay levels in 2018 of £549.[2]

The council and its partners share an ambitious vision for North Lanarkshire

5. The vision for North Lanarkshire is to be "*a place to live, learn, work, invest and visit*". This is embedded in *The Plan for North Lanarkshire* which was approved and published in March 2019 and is based on an analysis of the area and the challenges and opportunities that exist. The five priorities and some of the key programmes of work are shown in Exhibit 2.

Exhibit 2
Vision for North Lanarkshire
There is a single plan for North Lanarkshire supported by partners.

Source: Audit Scotland

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[2] Local authority profile for North Lanarkshire, Nomis – Official Labour Market Statistics, 2018.

6. Community planning in the area is carried out by the North Lanarkshire Partnership (NLP) Board. In November 2018, the NLP Board supported the approach to have one strategic plan for the area. The NLP Board agreed to adopt The Plan for North Lanarkshire at its March 2019 meeting. It brings together the Local Outcomes Improvement Plan (LOIP) and the council's business plan.

7. The Plan for North Lanarkshire includes 25 ambition statements that are supported by a high-level programme of work. The detail to support delivery is being developed by the council, its partners, arm's length external organisations and other relevant agencies.

8. In September 2018, the council identified a need to review its existing policy arrangements. As part of the strategic policy framework review, a mapping exercise was carried out to assess how existing high-level strategies, policies and plans fit with the council's five priorities. As a result, the council's priorities will now be delivered through 27 strategies and plans, rather than 81.

9. The council recognises that it needs a long-term regeneration and infrastructure programme to regenerate North Lanarkshire and tackle economic inequalities. To help achieve long-term economic regeneration, the council is drafting an economic regeneration delivery plan and increasing resources to ensure it has the capacity to deliver. The plan will cover four integrated themes:

- Housing regeneration

- Town centre transformation

- Business and industry

- Infrastructure development (City Deal).

10. The council is investing in business infrastructure and uses the Vacant and Derelict Land Fund to make sites across North Lanarkshire ready for development. The council's Local Development Plan has been revised to reflect the vision for North Lanarkshire. It identifies development sites to support the ambition for housing, integrated campuses and opportunities for employment.
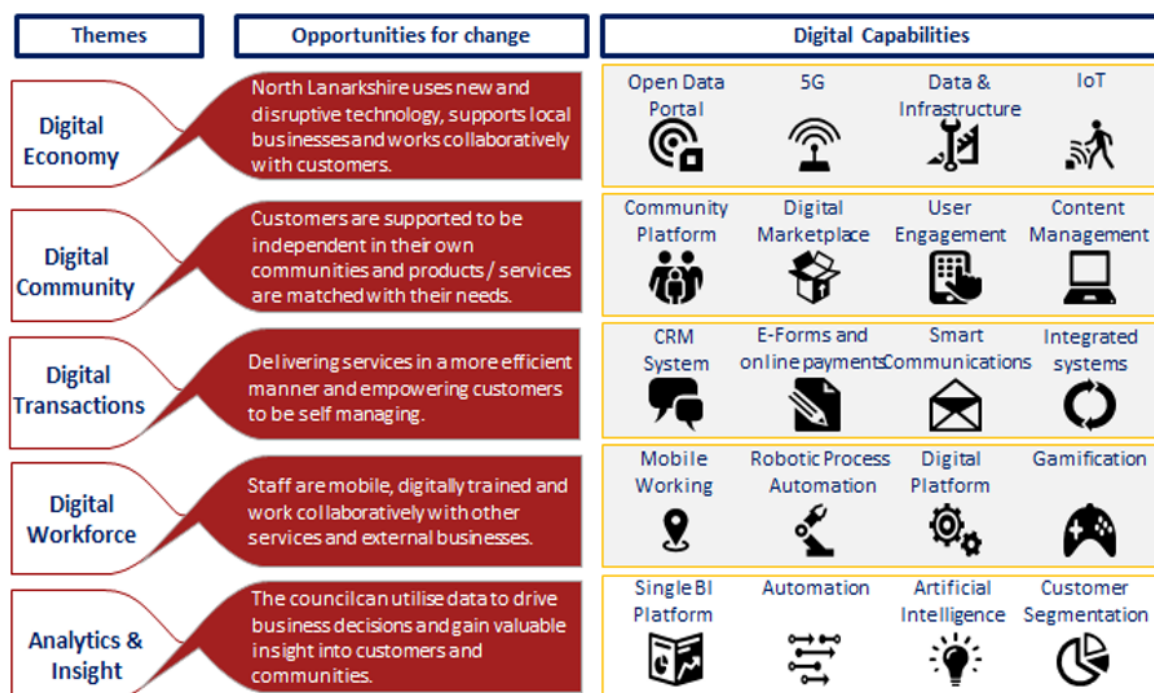
The council's investment in digital technology is a core part of its vision

11. DigitalNL is the council's large-scale transformation programme to improve digital connectivity and skills across North Lanarkshire and transform the way council services are delivered. It's a core part of the council's and its partners' vision for North Lanarkshire. The DigitalNL strategy has five themes as shown in Exhibit 3.

Vacant and Derelict Land Fund
Part of the local government funding settlement aimed at tackling long-term vacant and derelict land in Scotland. In 2018/19 five local authorities received a total of £9.4 million (£2.4 million for North Lanarkshire).

Source: Scottish Government website

Exhibit 3
Five themes for DigitalNL
DigitalNL is a large-scale transformation programme.

Themes	Opportunities for change	Digital Capabilities			
Digital Economy	North Lanarkshire uses new and disruptive technology, supports local businesses and works collaboratively with customers.	Open Data Portal	5G	Data & Infrastructure	IoT
Digital Community	Customers are supported to be independent in their own communities and products / services are matched with their needs.	Community Platform	Digital Marketplace	User Engagement	Content Management
Digital Transactions	Delivering services in a more efficient manner and empowering customers to be self managing.	CRM System	E-Forms and online payments	Smart Communications	Integrated systems
Digital Workforce	Staff are mobile, digitally trained and work collaboratively with other services and external businesses.	Mobile Working	Robotic Process Automation	Digital Platform	Gamification
Analytics & Insight	The council can utilise data to drive business decisions and gain valuable insight into customers and communities.	Single BI Platform	Automation	Artificial Intelligence	Customer Segmentation

Source: North Lanarkshire Council

12. Part of the council's ambition is to become a 'digital council': simplifying and joining up services across the council. The full business case for this part of the strategy was approved in March 2019 and will require an investment of £40 million. As part of the development of the full business case the council has undertaken research and design work to understand the current digital state and this has highlighted an opportunity to improve and transform services, to change the way the council interacts with citizens, and to create efficiencies.

13. The business case sets out a vision for the future technology of the council and a proposed five-year programme to deliver this. It estimates that savings of £24.4 million could be achieved over the five-year period, with the programme forecast to break-even in year four.

14. The breadth of DigitalNL is much wider than just becoming a digital council, it also covers developing skills in the community and providing digital infrastructure. The council recognises that investing in digital technology will help it to deliver its economic regeneration delivery plan, and it intends to start with digital infrastructure and networks. Once connectivity is improved the council has projects to help support and attract businesses, build digital skills and minimise the risk of digital exclusion.

15. This is a significant five-year change programme. The council recognises that it doesn't have the skills in-house to deliver a digital programme of this scale and complexity and therefore needs external support. The council has appointed a digital business partner, with a maximum contract value of £6.4 million over six years. Knowledge sharing from the partner will help the council to build-up some of the necessary future skills. The council has also identified 35 members of staff to be 'digital transformers', or champions, to help influence and drive the digital ambition.

Significant changes to the corporate management team structure are in progress

16. The chief executive was appointed in September 2018, and this has created a new energy and focus within the council. The service delivery model and corporate management team (CMT) structure has been re-designed. Before the re-structure, there were four assistant chief executives. This has been reduced to two executive director posts and one chief officer (of the Integration Joint Board). The change in the way services are delivered is centred on:

- **Education and families** - from birth and early years, through education and onto positive destinations. This includes children and families social work, child protection and justice services.

- **Enterprise and communities** - focus on economic regeneration to benefit the working age population. This includes maintenance of the council's assets (roads, buildings, greenspaces), waste and regulatory services, and community engagement.

- **Adult health and social care (Integration Joint Board)** - focus on older adults to ensure they receive the care and support that is right for them.

17. Recent departures from the corporate management team mean that some posts have not yet been filled permanently and further structure changes are planned for 2019/20 extending beyond the senior management.

18. The management team structure is still in transition, but early signs are that the changes are being received positively by elected members, staff and community planning partners.

The council has revised its structures and has effective scrutiny

19. A revised committee structure was approved at the council meeting on 20 December 2018 and came into effect in January 2019. This resulted in the previous 28 committees, sub-committees, panels and other bodies that sat within the scheme of administration being reduced to 22, but with the membership of each committee increased. The new committee structure is clearly aligned with the new council structure and the principles of The Plan for North Lanarkshire.

20. There is effective scrutiny and decision making, by members, at committee meetings. The information provided to elected members is good and when members raise any concerns about the quality of information, decisions are deferred until additional detail is provided. Our observations at committee meetings and discussions with members and officers also suggest that there are effective working relationships in place.

Improvements are being made to member training

21. The council has recognised an issue with inconsistent attendance and engagement from elected members with the current training courses offered. Overall responsibility has now been transferred from Members' Services to the Talent and Organisational Development Team, which is developing a new training and development programme.

22. Recent attendance levels show that members are more likely to attend training when it is categorised as mandatory (GDPR, or General Data Protection Regulations) or where it covers topics of concern to the public (universal credit).

23. An online portal (LearnNL) has been introduced which provides staff and elected members with more flexibility in accessing training. For 2019/20 members will have an agreed personal development plan supported by identified training provision.

Cross-party support exists for key initiatives, but the budget sounding board operates without one political party

24. There has been cross-party support for significant council initiatives such as DigitalNL (paragraph 11). In addition, a member-officer working group, including cross-party representation, has recently been established to look at the council's review of additional support needs provision.

25. A budget sounding board is established but does not operate with representation from all political parties, as the main opposition party does not participate. This seems unlikely to be fully resolved, and officers continue to provide the sounding board and main opposition with the same financial information and briefings to support budget preparation, but in separate processes.

26. The 2019/20 budget was approved by the council in February 2019. This included a three per cent increase in council tax, identified savings of £14 million and the planned use of £4.5 million of reserves to meet the short-term funding gap until the identified savings plans can be realised in 2020/21.

Part 2
How well is the council performing?

Overall the council has improved in three of its five priority areas, but over a quarter of all service indicators are not achieving targets.

Performance reporting has improved recently and a Strategic Performance Framework and reporting schedule has now been approved.

Satisfaction levels have declined across some service areas but are high in housing.

The council reports positive performance against its priorities, but more than a quarter of service indicators are below target

27. The council reported performance against its five priorities (Exhibit 2) for 2017/18 through a variety of measures. It uses a traffic light system to show the status of each outcomes-based indicator. This is used to track overall progress against the council's priorities through:

- **28 health check indicators** - these provide the North Lanarkshire context and show performance trends since 2010. Overall the council reported strong performance in all priority areas other than health and wellbeing where there was declining performance in 10 of the 12 indicators.

- **112 activities** - these provide further information about how the council performed in 2017/18 against 24 actions that support the five priorities. The council reported that it is on track with delivering 23 of these actions.

- **77 measures of success** - these allow officers and elected members to consider the status and progress of activities and programmes being delivered by the council, and cover 14 of the 24 actions. The council reported that it is on track or exceeding its target for 45 indicators, slightly behind for 6 indicators and significantly behind for 12 indicators. A further 14 indicators were new in 2017/18 and did not have a defined target.

28. The measures of success include prior year performance information to enable the direction of travel to be assessed. Twenty-two of the current year targets are less than the performance achieved in the previous year. A review of the performance targets is underway to support the Strategic Performance Framework.

29. In December 2018, the council reported that one fifth of service indicators had declined by more than five per cent since 2016/17 and more than a quarter of indicators did not meet the council's target level.

30. The council identified 16 indicators where performance had both declined over time and was below the target level. Specific follow up work has taken place to understand the reasons and allow appropriate action to be taken, for example:

- **the number of days lost due to sickness**. The council is reviewing its managing attendance policy and appointing an additional employee relations officer to focus on absence management. Quarterly progress reports are now presented at corporate management team meetings.

- **refuse collection complaints**. A new service for waste collection was introduced in October 2017. There were operational issues, for example, missed bin collections and missed bin pull-outs for residents who are unable to place their own bin at the kerbside. The outcome of an internal review was reported in December 2018 and actions have been identified to learn lessons from the project and improve the service.

Performance reporting has improved recently

31. The external auditor's 2017/18 annual audit report identified that the council's pace of change in developing performance management arrangements was slow. Service committees and the audit and scrutiny panel had, at that time, not received meaningful 2017/18 performance information. The council has made progress in this area and has recently reported to the audit and scrutiny panel:

- an annual performance report (November 2018),

- an operational performance report focused on helping to improve local services (December 2018) and

- a follow-up report that outlines the reasons for underperformance and identifies actions to be taken (February 2019).

32. The council's annual performance report, presented in November 2018, was lengthy. Elected members recognised that this made it difficult for them to scrutinise and challenge relevant information. Performance reporting has improved recently and a Strategic Performance Framework and reporting schedule was approved by members in February 2019. Officers need to implement this to ensure that members can effectively scrutinise performance. The council is also undertaking a review of its approach to benchmarking to ensure that performance reports make good use of other relevant data. The findings from this review are due to be presented to the audit and scrutiny panel during 2019.

Public performance information on the council's website is not kept up-to-date

33. The council's website is easy to navigate and performance information is well-structured, but it is not always up-to-date. For example, at March 2019, the most recent education performance information presented on the council's website was for 2015/16. It is important that the council provide the most recent performance information for residents.

National outcome indicators show that relative council performance has been stable since 2014/15

34. The most recent Local Government Benchmarking Framework (LGBF) was published alongside the *National Benchmarking Overview Report 2017/18* by the Improvement Service in February 2019. The LGBF provides a wide range of information for all Scottish councils, including how well councils are performing, the cost of services and customer satisfaction. The framework enables a council to compare its performance against other councils and the Scottish average. It also allows councils and the public to compare against others in family groupings. These group together councils that are facing similar challenges of population density and deprivation. The council analyses and reports on the LGBF data to identify areas for improvement. The data has been used as a trigger for further scrutiny reports to the audit and scrutiny panel. For example, a detailed report on

the cost of care at home (paragraph 96) has provided elected members with additional information.

35. Although there are over 70 indicators in the LGBF, analysis of 49 outcomes-based indicators reported in 2017/18 shows that 56 per cent of indicators were in the top two quartiles (Exhibit 4).

Exhibit 4
North Lanarkshire Council relative performance, 2013/14 to 2017/18
Over half of the indicators are in the top two quartiles.
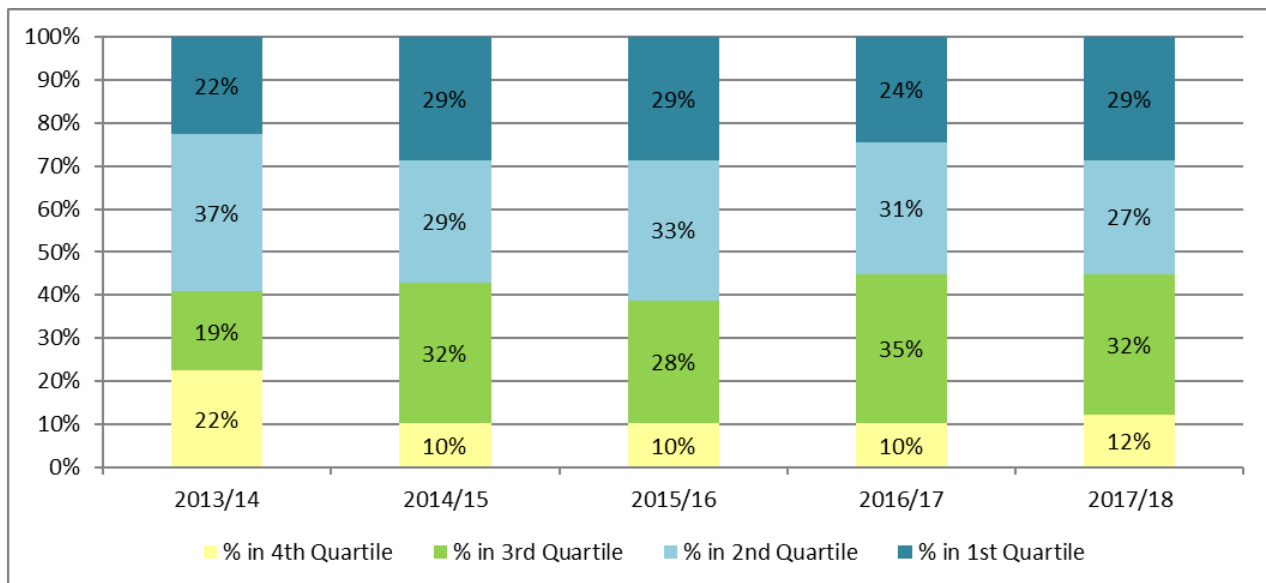
Note: This analysis is based upon 49 single year, mainly outcomes based, indicators which were reported on annually since 2013/14 as part of the Local Government Benchmarking Framework. This analysis involves considering how all councils are performing, from lowest to highest for each indicator. The first quartile contains the best-performing councils for that indicator and the fourth quartile contains the poorest-performing councils.

Source: Audit Scotland using Local Government Benchmarking Framework, Improvement Service

The council demonstrates improvement in three of its five priority areas

36. Our analysis of the council's own performance indicators together with those from the LGBF and community planning outcomes profile show that the council is improving in three priority areas:

- **improve economic opportunities and outcomes -** the council has reported an increase in the gross value added (GVA) per head, improvements in unemployment levels (paragraphs 38) and planning application timescales (Exhibit 5).

- **support all children and young people to realise their full potential** - the proportion of pupils in North Lanarkshire entering positive destinations has improved by 5.9 percentage points between 2011/12 and 2017/18, above the Scottish average of 4.3 percentage points.

- **improve North Lanarkshire's resource base** - the council has improved by 25 percentage points between 2011/12 and 2017/18 for the percentage of dwellings meeting Scottish Housing Quality Standard. This is comparable with an increase of 28 percentage points across Scotland.

37. Performance is mixed for the remaining two priority areas:

Community Planning Outcomes Profile
A set of measures focusing on life outcomes including early years, older people, safer and stronger communities, health and wellbeing, and engagement with local communities.

Source: Community Planning Outcomes Profile

- **improve the health and wellbeing of our communities** - whilst the percentage of people aged 65 or over with long term care needs receiving care at home has improved, the number of emergency admissions to hospital has increased by over 2,000 (seven per cent) between 2011/12 and 2017/18 while the family group has seen an increase of four per cent.

- **enhance participation, capacity and empowerment across our communities** - there has been improvements in the development of play areas and greenspace, anti-social behaviour and crime rates. However, street cleanliness has reduced.

## Many economic measures are improving over time relative to others

38. Economic opportunities and outcomes for the communities of North Lanarkshire are dependent on many factors such as improving access to quality and affordable housing, increasing job opportunities and attracting investment. Exhibit 5 shows that the council has improved its performance over time relative to others in certain areas, for example:

- **the percentage of people assisted into work by council funded or operated employability programmes** - between 2012/13 and 2015/16, performance was improving due to a range of programmes such as the Youth Investment Programme which aimed to address high levels of youth unemployment. In 2016, the council's strategy changed to support those further from the labour market into employment.

- **the average time for processing business and industry planning applications** - this has improved since 2015/16 from 12 to 7 weeks. The council revised its scheme of delegation in May 2017 to provide greater delegation to staff, enabling quicker processing times. In 2017/18, the council was one of the top ranked councils in Scotland for this indicator.

Exhibit 5

Family group analysis of selected LGBF economy indicators
Performance against selected economic indicators is improving.
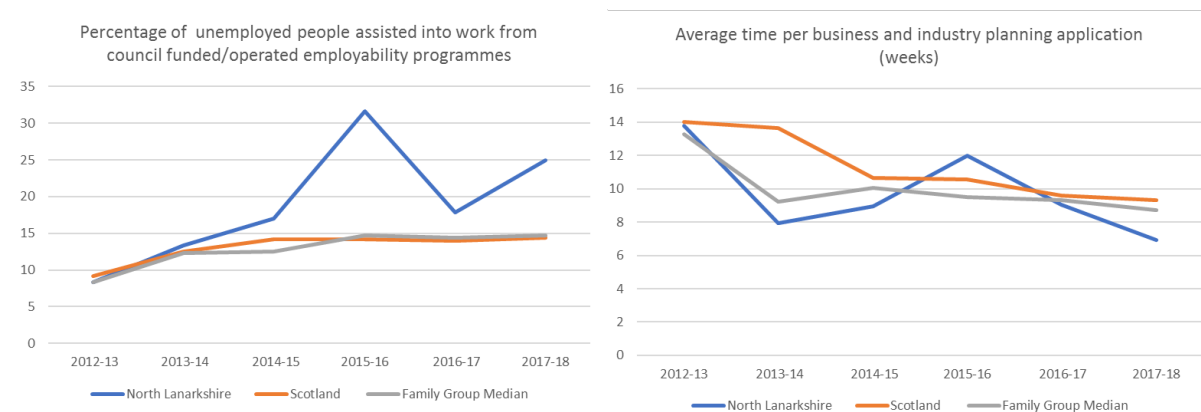
Note: North Lanarkshire Council is in a family group with Aberdeen City, Dundee, East Dunbartonshire, City of Edinburgh, Falkirk, City of Glasgow and West Dunbartonshire councils for economic indicators. Data for these indicators is available from 2012/13, and has therefore been selected as the baseline year for this analysis.

Source: Audit Scotland using the Local Government Benchmarking Framework, Improvement Service, 2017/18

39. Employment levels have risen between 2012 and 2017 from 69.6 per cent to 73.8 per cent as a proportion of the working age population. There has also been an 18 per cent increase in the GVA per head (from £16,289 to £19,216) between 2012 to 2016.[3, 4]

40. The number of business gateway start-ups per 10,000 population has increased by one per cent between 2013/14 and 2017/18. This compares to a decline of 12 per cent across Scotland. During 2017/18, the council reported that 783 jobs were safeguarded, and 181 jobs are forecast to be created. A new business tool had also been introduced, the *Ready to Start Review* and the council reported that this has helped to contribute to positive performance results.[5]

41. North Lanarkshire has experienced an increase in town centre vacancy rates. These have remained at around 19 per cent since 2015/16 and are higher than the Scottish average (10-12 per cent). The change in shopping habits is viewed as an opportunity for the council to regenerate town centres and is part of its vision to develop its town centres into modern high-quality spaces that can meet the changing needs of current and future communities. New models are in development and work is already underway in Coatbridge and Airdrie. Additional short-term projects have also started in Motherwell town centre.

Attainment levels are improving but the poverty-related attainment gap remains a challenge

42. One of the council's priorities is supporting children and young people to realise their full potential. This includes reducing childhood inequalities, which is a priority for both the council and its partners. To help achieve this, one area the council has focused attention on is improving attainment levels. Exhibit 6 shows that the council has improved performance in this area against selected LGBF indicators.

43. Performance relative to all other Scottish councils has fluctuated between 2013/14 and 2017/18, there has been an overall increase from 56 per cent to 69 per cent of education indicators in the top two quartiles. Education Scotland note that attainment and outcomes for young people at the senior phase in North Lanarkshire indicate many improving trends over key measures of attainment.

44. Education Scotland's 'virtual comparator' for school outcomes allows schools to compare themselves with those of similar characteristics. The attainment of young people at S4, S5 and S6 is in line with or better than the virtual comparator.

45. As we note early in this report (paragraph 4), child poverty is a significant factor in North Lanarkshire. The council has not yet managed to reduce the attainment gap between all secondary school pupils and those pupils living in the 20 per cent most deprived data zones. Between 2011/12 and 2017/18, the gap at level five has been maintained at 15 percentage points but has increased from 11 to 14 percentage points for level six.

Ready to Start
This online questionnaire was designed and developed by Business Gateway Lanarkshire. The tool enables clients to have immediate access to information and reduces advisory resource.

Source: Business Gateway

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[3] Gross Value Added (balanced) per head by local authority, Office of National Statistics, 2016.
[4] Regional Employment Patterns in Scotland: Statistics from the Annual Population Survey 2017, Scottish Government, 2018.
[5] Performance report, North Lanarkshire Council, November 2018.

Exhibit 6
Selected LGBF education indicators, 2011/12 to 2017/18
The council has improved performance in this area and performs better than the Scottish average for children living in deprived areas.
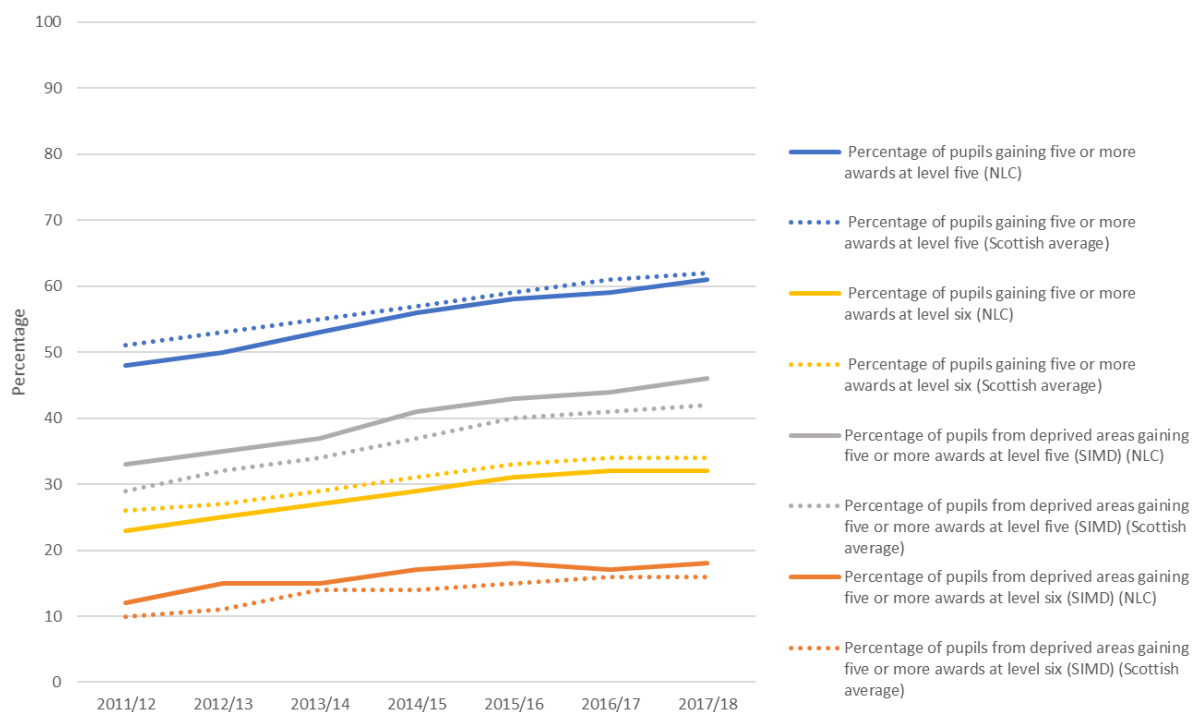
Note: Data for these indicators is available from 2011/12, and has therefore been selected as the baseline year for this analysis.

Source: Audit Scotland using the Local Government benchmarking framework, Improvement Service, 2017/18

46. The council's annual performance report, published in November 2018, sets out how the council is performing in closing the attainment gap in primary schools.[6] It reported that significant improvements have been made for those children attending the 35 focus schools. These are schools, educating children living in the most deprived areas of North Lanarkshire, which have been offered access to enhanced support. Improvements have been made in attainment levels in, for example:

- reading and maths for primary one pupils - the gap was reduced by two per cent between 2015/16 and 2017/18.

- mental arithmetic for primary five pupils - the gap was reduced from five per cent to two per cent between 2015/16 and 2017/18.

47. Education Scotland has carried out several inspections over the last few years. The findings of inspections in primary schools and nurseries have been mixed, while those in secondary schools have been more positive. In March 2018, Education Scotland carried out an inspection of education services within the council and reported its findings in July 2018. The inspection considered a broad range of factors such as governance and leadership, self-evaluation, use of data to evaluate the impact of initiatives and family engagement in learning. Overall, Education Scotland concluded that "*the council is making good progress with improving learning, raising attainment and closing the poverty-related attainment*

[6] Performance report, North Lanarkshire Council, November 2018.

gap"[7] These are the aims of the Scottish Attainment Challenge and the council is one of nine challenge authorities.[8]

48. Using Scottish Attainment Challenge funding, the council has introduced a programme, Club 365, to provide free meals and activity-based learning to children during weekends and school holidays (Case study 1).

Case study 1
Club 365

The first four "Club 365" hubs were introduced in Coatbridge in April 2018 and the programme has continued to expand with 23 hubs now in operation across all localities. Primary school-aged children receiving free school meals are entitled to the service. Different models of delivery have been tested, including working with third sector providers, and early analysis has demonstrated this to be a success. Satisfaction results are positive, although the cost of the service is higher than anticipated. The total cost of the programme in 2018/19 was £1.5 million (or £12 per child for a three-hour session) and the council received Scottish Attainment Challenge funding to support the activity-based learning element of the programme. The council continues to monitor the performance of the initiative and plans to develop a model to assess the impact of the programme on the educational attainment gap.

Source: North Lanarkshire Council

49. In 2017/18 schools within North Lanarkshire received a total of £8.1 million of Pupil Equity Funding to help close the poverty-related attainment gap. Scottish Government guidance says that this funding should be used to target support for children affected by poverty to achieve their full potential. Schools spent £4.8 million of this funding, and the remainder is due to be spent by the end of 2018/19.

Satisfaction levels have declined but are above the national average in five areas

50. The previous Best Value report in 2008 concluded that customer satisfaction and the council's approach to customer care had significantly improved. However, recent national data shows that satisfaction has declined across Scotland, and this is also the case in North Lanarkshire. Satisfaction indicators presented in the LGBF are based on national survey results such as the Scottish Household Survey. Exhibit 7 shows that satisfaction declined for all indicators between 2012 and 2018.

51. While the council's performance has declined it is performing better than the Scottish average in five out of the nine satisfaction indicators. However, for three of the nine indicators, the council is ranked amongst the lowest performing councils in Scotland. This includes satisfaction with parks and open spaces and social care.

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[7] Education Scotland, Inspection of Local Authorities, How well is North Lanarkshire Council improving learning, raising attainment and closing the poverty-related attainment gap? July 2018.

[8] The nine challenge authorities are Clackmannanshire, Dundee, East Ayrshire, City of Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire and West Dunbartonshire.

Exhibit 7

North Lanarkshire Council's performance against satisfaction LGBF indicators
Satisfaction across a range of services has declined.

Satisfaction indicator	NLC 2012-15	NLC 2015-18	Scottish average 2015-18	NLC Ranking 2015-18
Local schools	91%	79%	72%	9th
Libraries	86%	79%	73%	9th
Leisure facilities	84%	78%	73%	10th
Museums and galleries	78%	72%	70%	12th
Street cleaning	77%	70%	70%	19th
Refuse collection	91%	80%	79%	24th
Parks and open spaces	81%	79%	86%	27th
Care at home has an impact on their quality of life*	87%	76%	80%	28th
Care or support who rate it as excellent or good*	83%	75%	80%	29th

Note: Satisfaction levels are based on three year rolled average responses to Scottish Household Surveys. Indicators annotated with '*' are from the Scottish Health and Care Experience Survey and presented for 2014/15 and 2017/18, with ranking data presented for 2017/18.

Source: Audit Scotland using the Local Government Benchmarking Framework, Improvement Service, 2017/18

Satisfaction with housing has been improving and exceeds the Scottish average

52. In September 2018 the council gathered information on tenant satisfaction for the key indicators required by the Scottish Housing Regulator for the Scottish Social Housing Charter. This surveyed 400 (or one per cent of) council tenants from across the council areas. The results showed that five of the six indicators significantly improved (more than five per cent) from the 2016 results (Exhibit 8).

Exhibit 8

Scottish Housing Regulator key satisfaction indicators, 2016 and 2018
The council exceeds the Scottish average for all satisfaction indicators.

Satisfaction indicator (% very / fairly)	2016	2018	Movement (percentage points)	Scottish Average (2018)
Overall - housing service	85%	91%	+6	83%
Keeping you informed about services and decisions	84%	93%	+9	81%
Opportunities to participate in decision making processes	68%	93%	+25	74%
Overall - quality of your home	79%	92%	+13	81%
Overall - management of your neighbourhood	88%	94%	+6	81%
Value for money of rent charged	86%	86%	0	79%

Source: Research Resource, North Lanarkshire Council Tenant Satisfaction Survey Report, October 2018

Part 3
Is the council using its resources effectively?

The council is well placed to tackle the financial challenges ahead. It has good financial plans, low borrowing and a track record of delivering savings.

The council has effective budgetary control and a track record of delivering planned savings

53. The council has effective scrutiny of finances through well-established processes for monitoring budgets and the achievement of agreed savings. The financial position is managed through the year by a combination of delivered savings targets, use of reserves and non-recurring savings (for example when vacancies aren't filled immediately).

54. Budget monitoring reports to committee meetings provide an accurate forecast of the outturn position for the year and include good narrative explanations for significant variances against budget. In recent years the council has consistently underspent against budget with recent reports showing all services achieving at least a break-even position with an overall forecast underspend of £8 million (one per cent of budgeted net expenditure) for 2018/19.

55. The council has a track record of delivering savings, with non-recurring savings representing a small proportion of the savings achieved each year. Since 2013/14 the council has delivered total cumulative savings of around £112 million while delivering services (Exhibit 9).

Exhibit 9
Delivery of savings – recurring and non-recurring
The council has a good track record of delivering savings

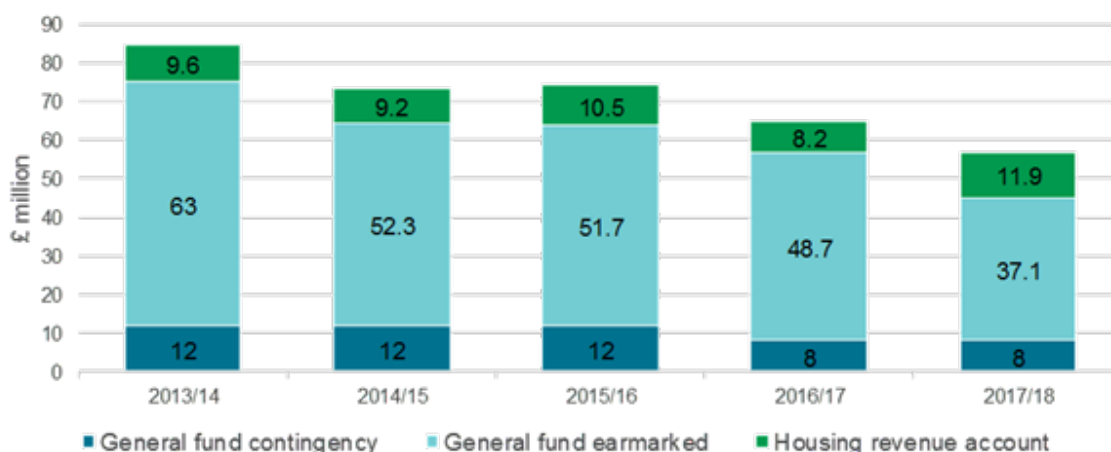Source: North Lanarkshire Council's 2012/13 to 2017/18 Annual Accounts
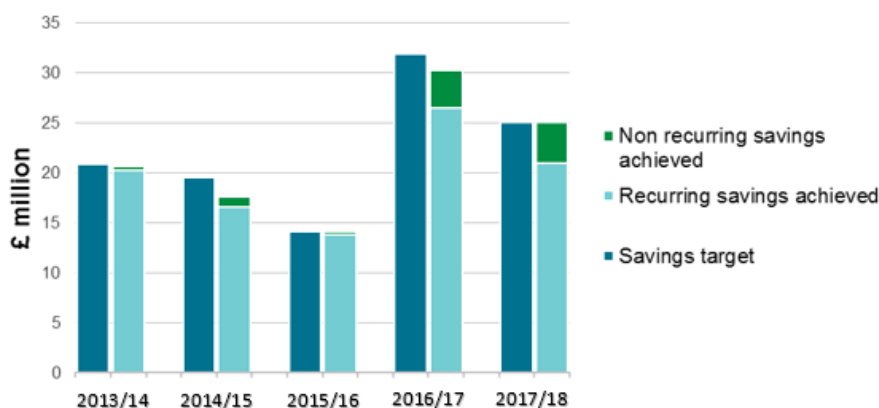
The council has a comparatively low level of reserves but has maintained its uncommitted contingency reserve

56. Over the last five years both committed and uncommitted reserves have fallen at North Lanarkshire Council. The total general fund has reduced from £85 million in 2013/14 to £57 million in 2017/18 (Exhibit 10). The council has planned to use reserves in four out of the last five years to present a balanced budget but has achieved underspends against its budget. It also plans to use a further £2.5 million in 2018/19 and £4.5 million in 2019/20. This budgeted use of earmarked reserves does not impact on the uncommitted general fund contingency which has been maintained at the desired level set by the council (£12 million before the creation of the Integration Joint Board and £8 million thereafter). The £8 million in the uncommitted general fund reserve is the third lowest compared with other Scottish councils at 0.6 per cent of gross expenditure.

Exhibit 10
Analysis of general fund over last five years
The general fund has reduced from £84 million to £57 million

Source: North Lanarkshire Council's 2012/13 to 2017/18 Annual Accounts

The council's long-term sustainability is strong with low levels of borrowing

57. The council's external debt at 31 March 2018 was £749 million, with the associated cost of servicing this debt less than three per cent of gross revenue expenditure. This is a low borrowing position (seventh lowest compared with other Scottish councils) and provides a sound financial basis for future investment decisions.

The council has good medium-term financial plans based on robust assumptions over a range of scenarios

58. In December 2018 the policy and resources committee approved the 2019/20 to 2023/24 medium term financial plan. The five-year plan sets out the challenges facing the council in maintaining its financial sustainability, while striving to achieve the council's strategic priorities and objectives. It recognises a range of risk-based assumptions that are presented over three scenarios; optimistic, envisaged and pessimistic. The council's 'envisaged' financial projections show a total funding gap for the five years of £67 million. The council plans to bridge these gaps from a combination of efficiency savings and changes to service delivery models. It will continue to consider the one-off use of reserves if there are definite savings plans in place to replenish the used reserve over the medium term.

59. As part of the strategic policy framework review (paragraph 8) a financial strategy is being developed, which will incorporate the medium-term financial plan, treasury strategy, financial regulations and other key financial documents to give assurances about the financial stability of the organisation. This strategy will align with The Plan for North Lanarkshire and will also reflect the existing capital investment strategy and approved capital programmes.

A Community Investment Fund will support the shared ambition for North Lanarkshire

60. The council has established a new Community Investment Fund. The fund is principally based on ring-fencing elements of future growth in council tax income from regeneration activities, along with one per cent of future budget increases. Through additional borrowing, funded by the extra revenue generated, the council plans to realise £500 million of new resources over the next ten years to support capital investment and the creation of integrated campuses. This is in addition to the already established capital programmes of £1.1 billion over the next five years.

The council plans to provide 5,000 new homes by 2035 and demolish all tower blocks

61. North Lanarkshire Council is Scotland's largest local authority landlord with over 36,000 houses. To achieve its economic regeneration ambition, the council plans to provide 5,000 new homes by 2035, which will require a significant increase in the number of new homes built each year. This is expected to boost the local economy by providing employment opportunities and will transform the town centres where many of these homes will be located. This transformation is consistent with the wider decline in town centre retail activity (paragraph 41).

62. A key part of this ambition is the Tower Strategy, with the council planning to replace all 48 of its tower blocks, (approximately 4,000 homes) over the next 20 years. The towers make up around 11 per cent of the council's total housing stock.

63. A buy-back scheme is part of the overall strategy and it will contribute 550 homes over the next five years. During 2018/19, 130 homes were acquired by the council through the schemes:

- open market purchase scheme - for properties that are currently for sale on the open market

- empty homes purchase scheme - to help address some of the problems faced by owners and communities in relation to empty properties.

Extensive tenants' consultation was undertaken with positive results

64. In 2017 the council undertook a full review of tenant participation. Extensive consultation was undertaken with tenants, residents and wider stakeholders to establish what worked well and what could be done to improve participation. The review resulted in a new service delivery model including the creation of the tenant participation team. These changes have had a positive impact on satisfaction levels (Exhibit 8).

65. One of the first changes implemented by the tenant participation team was to revise the approach to the annual housing conference. In November 2018 the team ran two 'housing matters' sessions to hear what matters to the community and help shape the delivery of housing services in the future. These were presented by staff from across council services and the chief executive. The sessions were well received by tenants.

66. The council acknowledged that, to deliver the wider regeneration benefits for the housing stock and local communities and to achieve town centre improvement, a reassessment of the rental income strategy would be required. In December 2017 the council approved an increase of average weekly rental by five per cent to £64.11 and a further five per cent increase for the subsequent three years.

67. A consultation exercise was undertaken for all tenants in phase one of the tower demolitions (some 1,800 tenants over 14 towers). Consultation included meetings with tower residents, newsletters and a survey to establish the level of support for the plans. In total 61 per cent of tenants returned the survey with 81 per cent stating they were supportive of the plans to demolish the towers.

The workforce strategy considers North Lanarkshire economy and employment as a whole, but detailed service-level workforce planning is still being developed

68. The council has a wide focus when considering future workforce requirements: looking beyond the council workforce and considering the workforce of North Lanarkshire, as a whole, in the context of the local economy.

69. An example of this is the health and social care academy. This is a partnership solution in this industry sector to tackle recruitment difficulties, rising demand for services and unemployment. It was established to encourage more people in North Lanarkshire to choose a career in health and social care and has three key strands (school, virtual portal, and further and higher education partnership). The school aspect is based within Coltness High School campus and started in August 2018. It allows pupils to gain qualifications and practical experience to help them to get jobs in the health and social care sector. The virtual portal aspect was launched in January 2019 and provides a comprehensive online resource for recruitment, training, education and volunteering. It is too early to conclude on the success of this initiative.

70. Over the past ten years the council's workforce has reduced by 14 per cent, from 14,300 to 12,300 full time equivalents. The council has a workforce strategy, but it still has not embedded workforce planning in all service areas. Detailed workforce plans that set out the current and future workforce requirements are now in development.

Staff surveys are not used, but the council is pursuing investors in people accreditation

71. Council-wide staff surveys have not been completed recently, however "Investors in People" reviews have been undertaken in housing and social work services and the council has started a three-year programme to extend this across all services. From our engagement with staff they are positive about the vision and the change being introduced.

The council is reviewing its office accommodation

72. The council completed an asset management review of non-operational properties and this resulted in 147 properties being assessed as surplus and available for sale. £6 million of capital receipts have been received, so far. The council also ended their leases of three properties, which weren't required, realising annual savings of £0.4 million.

73. An implementation strategy is also being developed for the council's office accommodation portfolio. This is based on plans to reduce the number of offices from 26 properties to 6 with annual expected savings of £1.3 million.

Part 4
Is the council working well with its partners?

There is a clear focus on partnership working in North Lanarkshire. Wider community engagement could improve, and locality plans are still to be developed.

The council and its partners are working well together

74. The North Lanarkshire Partnership (NLP) board meets regularly and there is good representation from partner bodies at these meetings. A decision has been taken by the board to have a rotating chair from each of the partners in turn, and to hold meetings across partners' offices to encourage all partners to participate.

75. Partners spoke positively about their relationship with the council and they support the adoption of The Plan for North Lanarkshire as the LOIP from March 2019 (Exhibit 2). The strategies, policies and plans that underpin the Plan's programme of work still need to be developed.

76. Recent reviews of North Lanarkshire's community planning arrangements by internal audit and a self-assessment supported by the Improvement Service have been largely positive. Some areas for improvement have been identified including performance management, use of joint resources and the need to review locality groups to avoid duplication of effort.

Young people are actively engaged in North Lanarkshire

77. The youth engagement and participation structure in North Lanarkshire is well-established. Youth representatives attend the youth, equalities and empowerment committee. Our observations at this committee meeting were that the young people were active participants and this was encouraged by elected members. In the March 2019 Scottish Youth Parliament elections North Lanarkshire had 16 candidates standing for 9 seats and received the highest number of online votes in the country. Engagement has been strengthened by the national Year of Young People 2018 and related events. For example, over 1,000 young people attended the Party in the Plug music festivals organised by Coatbridge Youth Action.

78. A social media initiative, #NLCAskme, was launched to encourage young people to have their say in how services are delivered. This included a partnership agreement between North Lanarkshire Children's Services Partnership and the children and young people of North Lanarkshire, with the backing of the North Lanarkshire Youth Council. The agreement was co-produced and agreed by the two parties at a series of workshops. The agreement sets out seven golden rules[9] for how partners will work together with children and young people, which demonstrates a continuing commitment to youth engagement.

LGBT Youth Scotland
The council has been awarded the LGBT Youth Scotland Chartermark and is only one of four local authorities in Scotland to achieve this.

Source: North Lanarkshire Council

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[9]The seven golden rules are: understand my rights, a chance to be involved, remember - it's my choice, value me, support me, work together and keep in touch (Children and Young Peoples' Commissioner Scotland).

79. Community learning and development (CLD) partners within North Lanarkshire Council and the area of Motherwell West were inspected by Education Scotland during May and June 2017. The inspection was positive about the CLD arrangements in place. Education Scotland commented specifically on the skills, confidence and ability of the young people in Motherwell Youth Forum and identified examples of young people providing support for adults in digital learning groups.

The council and its partners recognise that the approach to wider community engagement could improve

80. The council has previously operated a residents' survey and citizens' panel. Results from this type of engagement have not been published since 2016 and following the introduction of GDPR the council has seen a significant drop in membership of the citizens' panel.[10] This led to an options appraisal for the delivery of wider community engagement. The review considered six options, including an online engagement hub and the use of an external consultant to manage all aspects of the citizens' panel. The preferred option was a hybrid model that will make use of the existing citizens' panel as well as an online engagement hub that will be open to everyone. This model now needs to be developed.

81. The council is also working with its community planning partners to improve the overall approach to engagement. The NLP community engagement strategy came to a natural end in 2017. It was recognised that a new framework was needed to support the partnership in delivering the Community Empowerment Act. Voluntary Action North Lanarkshire (VANL), supported by the Scottish Community Development Centre, ran two public engagement sessions to aid the development of a new community engagement framework on behalf of NLP, however this work was not concluded due to resource constraints. A community engagement strategy is now being developed to support The Plan for North Lanarkshire. This will reflect on the improvements identified during the public engagement sessions.

82. The NLP has also recently launched Community Matters, a programme of engagement activity. Locality partnerships (previously named local area partnerships) are a key platform for engagement. They bring together elected members and officers of the council with partners and people in the community and create a space for community groups and individuals to have their say. An online Community Matters survey has also been set up. Analysis of the results from this survey will allow gaps to be identified and used to develop targeted engagement plans. The role of the locality partnerships has been strengthened with revised terms of reference, effective from 1 April 2019. This includes revised membership that requires the number of community representatives to match the number of elected members on each locality partnership. It also specifies representation from the local youth forum and includes voting rights for community members where a consensus is not reached.

Locality partnerships
Airdrie
Bellshill
Coatbridge
Motherwell
Northern Corridor
Wishaw
Cumbernauld and Kilsyth

Source: North Lanarkshire Council website

The council and its partners are implementing the Community Empowerment Act, but progress with locality planning has been slow

83. The Community Empowerment (Scotland) Act 2015 aims to empower communities through the ownership of land and buildings and to strengthen their voices on the decisions that matter to them.

84. Since April 2017, the council has received 49 community asset transfer enquiries, including requests for leases. Of these, 35 are either under discussion or being progressed. Two asset transfers have been completed to date. These involve community organisations taking ownership of property that they have occupied for

[10] In May 2018 members of the citizens' panel were asked to consent to remain as members to comply with the GDPR. This led to a fall in membership from 3,000 to 700 members. North Lanarkshire Council Corporate Management Team, November 2018.

some time. Both have plans to obtain external funding to refurbish the accommodation to better meet their needs. As part of the recent council restructuring, a head of communities post was created, and there is also a first point of contact for community asset transfers and participation requests.

85. The Act also requires community planning partnerships (CPPs) to identify localities that are experiencing significantly poorer outcomes and produce locality plans to support these areas. The council and its partners have identified 16 priority planning areas but plans for these areas have still to be developed. Case study 2 describes an example of what has been achieved in one of these areas through consultation.

Case study 2
Wishawhill Wood pump track

Craigneuk has been identified as a local planning priority area due to high levels of deprivation. A consultation exercise was carried out in June 2016 to get the community's view on what to do with Wishawhill Woods. The people identified the need for an outdoor space for older children to spend their time. A further survey and two local consultation events were undertaken on the proposal to develop a pump track (an off-road circuit for cyclists that is designed to be ridden without pedalling) and the response was very positive. The site benefitted from the Vacant and Derelict Land Fund because of its proximity to Ravenscraig and the development was supported by the Central Scotland Green Network Trust.

The track opened in December 2017 and a local community organisation, Socialtrack, now provides coaching and support to local young people there. Socialtrack also uses the facility to contribute to the Club 365 programme. The council and its partners have reported positive outcomes from the track, including less vandalism and crime and increased confidence in the community. The track also provides a place to engage with young people.

Source: North Lanarkshire Council

Participatory budgeting is being developed

86. Participatory budgeting is a way of giving local people a greater say in how the council spends some of its money. A participatory budgeting steering group made up of council, partner and community representatives has been set up in the Wishaw locality to test the approach to participatory budgeting. This group, with the support of COSLA (the Convention of Scottish Local Authorities), is exploring the use of a digital platform (CONSUL) to support participatory budgeting and wider community engagement.

87. As part of the 2018/19 budget, £6 million was allocated across the seven locality partnerships in North Lanarkshire to support local development programmes. This was distributed based on population and deprivation.

North Lanarkshire is working with other local authorities to improve waste recycling

88. The council is the lead authority on the Clyde Valley Residual Waste Partnership, an agreement with four other local authorities to ensure that the requirements relevant to the ban on biodegradable waste to landfill by 1st January 2021 are met . The contract is due to start in December 2019 and is expected to be worth £700 million over 25 years. It includes a two-stage treatment process that will remove recyclable waste and create green energy. The contract will benefit the community through job creation, engagement with small and medium sized businesses and an education partnership to promote science, technology, engineering and maths (STEM) in secondary schools. It is anticipated that 71,000 tonnes (or 37 per cent) of the waste treated will come from North Lanarkshire.

The council and its partners are committed to caring for people at home

89. North Lanarkshire Integration Joint Board (IJB) was established in June 2015 and became fully operational on 1 April 2016. The IJB is responsible for the strategic planning, commissioning and oversight of many of the health and social care services in North Lanarkshire, including care at home.

90. The IJB has made some progress against the national performance indicators used to measure the success of integration. This includes a reduction in the number of unplanned hospital bed days and an increase in the proportion of people spending the last six months of their lives in the community. The number of bed days lost due to delayed discharges, the level of emergency admissions and attendances at A&E remain a big challenge for North Lanarkshire.

91. Supporting people to remain in their own homes has been and still is a key priority for the council and its partners. A report of a joint inspection by the Care Inspectorate and Healthcare Improvement Scotland on *The effectiveness of strategic planning in the North Lanarkshire Partnership* *(February 2018)* found that this was the principle aim of the partnership. The inspectors' staff survey identified that 85 per cent of respondents either agreed or strongly agreed that their service does everything possible to keep adults at home and in their local communities. This is backed up by the council's LGBF performance data which shows that in 2017/18 over 70 per cent of people age 65 years old and over with long-term care needs were cared for at home. The council is ranked first in its family grouping (third in Scotland) for this indicator.

92. The partnership identifies reablement as key to keeping adults in their home and has reported a 66 per cent increase in the number of people completing the reablement process over the last five years. 1,804 people completed the reablement process in 2017/18. There are plans to further increase reablement capacity to help reduce the amount of ongoing support needed by people living at home.

93. The council's own data shows that its use of assistive technology has increased by 67 per cent over the last five years to support people living at home safely. Some examples of the technology used include bed sensors, fall detectors and activity monitors - all to support reablement.

94. Integrated rehabilitation teams are in place and allow a single care assessment for each person. The team brings together social workers, occupational therapists and physiotherapists from the local authority and health board. This approach began as a pilot in the Motherwell locality and proved to be a success. In October 2018, the new service delivery model was extended to the other localities.

95. As part of the DigitalNL programme (paragraph 11) the council plans to buy a new social work information system that will allow outcomes to be measured electronically. There are also plans to introduce dynamic scheduling on the existing Kirona system to create efficiencies and free up managers to improve the quality of service. This system is already being used successfully in the housing repairs service.

96. The cost of care at home in North Lanarkshire is notably higher than the Scottish average. This has been subject to scrutiny by the council's audit and scrutiny panel. The high costs are mostly attributed to the cost of caring for people with intensive needs at home, the upward regrading of home support staff and the council's commitment to pay the Scottish Living Wage to third party providers. The 2018/19 budget was uplifted by £4.8 million to help support the payment of the Living Wage by third party social care providers. The council has a strong belief that fair work practices and paying the Living Wage can have a positive effect on people's lives

Reablement
Intensive support to help people regain and build on their skills and develop self-management techniques to live independently.

Source: Health and Social Care North Lanarkshire

Scottish Living Wage
The council received accreditation as a living wage employer in 2017. The council's Procurement Strategy 2017-2020 sets out its policy on paying the Living Wage to people involved in delivering their contracts.

Source: Scottish Living Wage website and North Lanarkshire Council

and help create a fairer and more equal society[11]. Across all services the council reports that 78 per cent of its contractors pay their employees at least the Living Wage.

97. LGBF data shows that satisfaction with adult care services has fallen (Exhibit 7). and officers recognise the need to better understand the reasons for this. There has also been a decline in satisfaction within these services across many councils in Scotland.

The council and its partners are working with the third sector to improve outcomes

98. The council realises the potential of the voluntary sector when planning models of service delivery. North Lanarkshire Integration Joint Board uses the third sector within localities to help connect people with their communities and provide carer support. The community capacity building and carer support (CCB&CS) structure, which has been operating for six years, has been identified as an area of good practice by the Care Inspectorate. It co-ordinates and monitors the delivery of third sector work with a strong focus on prevention, co-production and personal outcomes.

99. The CCB&CS receives an annual budget of £1.1 million, which funds 77 third-sector organisations and community groups. The organisations obtained £1 million additional funding in 2017/18 through the structure from a range of sources including the Big Lottery. The CCB&CS annual report for 2017/18 demonstrates positive outcomes from this work, including 6,956 reports of reduced loneliness or isolation.

100. The council is considering how this successful model could be extended to support service delivery in other areas. A self-assessment review of the CCB&CS with the Improvement Service is in progress.

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[11] North Lanarkshire Council Procurement Strategy 2017-20

Part 5

Is the council demonstrating continuous improvement?

The council demonstrates good self-evaluation, but improvement plans could be clearer.

The council has demonstrated improvement from the 2008 Best Value report. Detailed service-level workforce planning is still being developed.

The council has a structured self-evaluation programme, but actions from this should be clear and measurable

101. Historically the council used the Public Service Improvement Framework model of self-evaluation. In 2013, the focus shifted from self-evaluation of individual services to a cross-council approach based on aspects of service, such as communication with customers and employees, efficiency, governance and accountability. A new strategic framework for self-evaluation was adopted in 2017. This aims to provide a consistent approach to strategic self-evaluation based on the 2003 Best Value characteristics.

102. The council conducted a Best Value self-evaluation exercise in 2017. The external auditor's 2017/18 annual audit report for the council noted that the improvement actions contained in the 2017 improvement plan are, in some cases, high level and non-specific (e.g. "progress reviews through transformation programme"). An update against the improvement plan was taken to the corporate management team in October 2018. It provided a useful description of developments but lacked some key monitoring details, including specific actions with defined timescales.

103. Other self-evaluation exercises have been carried out with external inspection agencies. For example, the self-evaluation of community justice reported in January 2019 which was validated by the Care Inspectorate.

104. As part of the improvement framework around The Plan for North Lanarkshire, the council has approved a rolling programme of self-evaluations that will consider each of the 25 ambition statements. The programme indicates that ten ambition statements from across the council's five priorities will be evaluated by the end of 2019. The outcome from each exercise will be reported to the council's audit and scrutiny panel. The Strategic Policy Framework (paragraph 8) will also be subject to an annual review to ensure that the strategies, policies and plans that support the Plan for North Lanarkshire are effective.

The council has undertaken several change projects

105. In March 2016, the council established a transformation sub-committee to approve and oversee the council's key change projects. The committee has overseen several reviews in its time, but not all key changes went through this committee. The outcome of some of the council's service reviews have been summarised in Exhibit 11.

Exhibit 11
Service improvements and savings delivered through service re-design and review
The council demonstrates continuous improvement through its own reviews

Review	Details of review	Benefits delivered
Digital housing repairs and maintenance service	The council has implemented a digital housing repairs and maintenance service known as Dynamic Resource Scheduling. Tenants request an appointment via the contact centre, email or smartphone app. These requests are then logged on the housing system and issued to the council's contractors. The council monitor performance through the Annual Return on the Charter (ARC), while contractor performance is monitored in twice yearly reports to committee.	The 2017/18 ARC reported that the council is performing above the local authority (LA) average for: • percentage of tenants satisfied with the repairs service – 96.6% (LA average – 92.6%) • percentage of repairs completed right first time – 97.3% (LA average – 92.5%) • average length of time to complete non-emergency repairs – 7.3 working days (LA average – 7.5 working days).
Sheltered housing review	The council provided a sheltered housing support service across 39 council complexes and one housing association complex. The review aimed to re-align the sheltered housing support service to ensure that resources are used efficiently, and older people can live independently in their own homes for as long as possible. Three work streams were devised: • revise older people's allocation policy • review sheltered housing support services • provide capital investment to improve the suitability of sheltered housing.	Reduction in number of council complexes from 39 to 34, however enhanced housing support services now provided at seven "sheltered plus" complexes to meet greater levels of need, including increasing onsite staff and improving social opportunities for tenants. A saving of £1.2 million was made from existing enterprise and housing resources budgets, with an overall reduction in operating costs of £0.1 million per year.
Financial inclusion review	Before the review, financial inclusion and advice services were fragmented across the council. Three teams – financial inclusion/welfare rights, money advice, and income maximisation – were combined to form the Financial Inclusion Service in April 2017. This service is complemented by numerous external organisations such as the Citizen's Advice Scotland offices located throughout North Lanarkshire.	The council reported that for every £1 invested in income maximisation during 2017/18, £32.90 was generated for residents and the local economy. An overall efficiency saving of £0.1 million per annum was delivered.

Source: Audit Scotland using North Lanarkshire Council transformation programme reports

106. As part of the recent committee re-structure, a transformation and digitalisation committee has been established. This gives greater prominence to transformation and, more specifically, the council's plans for digital transformation. The council is now embarking on a wide-reaching change programme that is underpinned by DigitalNL (paragraph 11).

A review of the health and social care integration model is underway

107. The integration scheme has been revised to reflect the transfer of children, families and justice social work functions to the council's new education and families service. Partners' are reviewing the remaining adult health and social care integration model and are due to report in June 2019. There are seven workstreams that form part of this review - finances, IT/digitalisation, governance, strategic planning, HR/workforce planning, performance and operations. A programme board

has been set up to ensure appropriate governance arrangements are in place to support the review. This comprises the chief executive of the council and NHS Lanarkshire, the chair and vice-chair of North Lanarkshire Integration Joint Board, the leader of the council and the chair of NHS Lanarkshire. The review will be set in the context of the Auditor General and Accounts Commission's report, *Health and social care integration: update on progress*, and the Review of Progress with Integration of Health and Social Care report by the Ministerial Strategic Group for Health and Community Care.

The council has reviewed its use of arm's-length external organisations (ALEOs)

108. The council's oversight of its ALEOs improved in May 2016 following the creation of the ALEO partnership unit and the ALEO and external bodies monitoring sub−committee. The revised governance arrangements also included a three-year ALEO review programme which concluded in 2018/19. The review process included an assessment of each ALEO's contribution to the council's priorities and long-term ambition as well as an options appraisal of alternative service delivery models. The reviews have resulted in the following changes:

- the sale of two ALEOs, Saltire Facilities Management Limited and Walker Profiles Limited in 2017/18

- the dissolution of two ALEOs, Town Centre Activities and Campsies Centre (Cumbernauld) Ltd in 2018/19

- the merger of Culture NL and North Lanarkshire Leisure from 1 June 2019 to create a new integrated sport, culture and leisure services delivery model

- the creation of a short life working group to determine the feasibility of a single arm's length structure to deliver property, business, regeneration and inward investment activities which currently sit with two ALEOs, Fusion Assets and North Lanarkshire Properties.

The City Deal projects are supporting economic opportunities

109. North Lanarkshire Council became part of the Glasgow City Regional City Deal in 2014, an agreement between the UK Government, the Scottish Government and seven other local authorities that aims to deliver infrastructure, innovation and employment projects in the area.

110. The City Deal includes an Infrastructure Fund of over £1.1 billion designed to improve the regional transport network, regenerate sites for economic use and improve public transport provision. From this, over £200 million will be invested across North Lanarkshire in three core projects:

- **A8/M8 corridor access improvements £6.5 million** - new road infrastructure and park and ride / car-sharing measures to enhance connectivity to key employment sites from Newhouse to Bargeddie

- **Gartcosh/Glenboig community growth area £6.2 million** - new road infrastructure and park and ride investment to encourage the future development of Gartcosh / Glenboig and the surrounding areas

- **Pan-Lanarkshire orbital transport £189.5 million** - improve transport movements across Lanarkshire. In December 2017, following the withdrawal of Tax Increment Finance funding for Ravenscraig, a revised strategic business case was approved incorporating this into the City Deal and bringing the total project cost to £190 million. A realignment proposal has been prepared that would prioritise the delivery of Ravenscraig within the current programme.

111. In addition to the Infrastructure Fund, North Lanarkshire also benefited from £1 million of investment through the Innovation and Growth Fund for the MediCity Scotland facility. This is a dedicated medical technology incubation facility based at Newhouse. Through the Skills and Employment Fund, the council is also involved in labour market schemes. It received funding to deliver the "Working Matters" employability scheme for three years from August 2015 to support long−term unemployed North Lanarkshire residents back into employment or training. Since 2015, 87 participants have entered employment, exceeding the original target of 69.

North Lanarkshire Council still has a clear vision but must continue to improve performance management and workforce planning

112. The council was subject to an audit of Best Value and Community Planning in 2008. The Accounts Commission commented that "North Lanarkshire demonstrates a strong commitment to improvement. We appreciate that the council recognises areas where improvement is needed in service delivery and would encourage the council to focus on these areas". Exhibit 12 compares some of the previous Best Value judgements to our findings from this review.

Exhibit 12
A comparison of selected Best Value judgements
The council has demonstrated improvement in most areas.

Controller of Audit judgement 2008	Controller of Audit judgement 2019	View
Strategic direction		**Part 1**
North Lanarkshire Council has a clear vision and strategic direction for the area, which faces a range of challenges arising from its industrial past. Members and senior officers provide clear and consistent leadership.	The council still has a clear vision and strategic direction, and the new chief executive is providing effective leadership. There is genuine enthusiasm across the council about the vision, which presents an opportunity to increase the pace of change.	
Performance		**Part 2**
Services are generally improving, though some from a low base. The council recognises where service improvement is most needed and should pay particular attention to improving secondary educational attainment, services for homeless people, housing allocations and repairs and waste recycling.	There is evidence of improvement in key areas, but often this is in line with national trends. The council has demonstrated improvement across the specific areas identified in the 2008 Best Value report.	
The council has sound performance management arrangements in place and has many sound systems and processes to support its drive for improvement.	Performance management arrangements have started to improve and must continue to develop to support the delivery of The Plan for North Lanarkshire.	
Resources		**Part 3**
The council needs to demonstrate a more strategic approach to managing its people. Sickness absence and low staff morale remain challenges for the council and need to improve to take the council through a period of significant change.	A workforce strategy is in place, but detailed workforce plans for the council are still being developed. Sickness absence remains an issue for the council and this has been recognised in its programme of scrutiny. The council has not carried out council-wide surveys to gauge staff morale, but we found staff to be positive about the direction of travel.	

Controller of Audit judgement 2008	Controller of Audit judgement 2019	View
Partnership		
The council works effectively with its strategic partners on a shared set of priorities which are consistent with the needs of the area.	The council and its partners continue to have a shared set of priorities. This was evident in the original LOIP and has recently been reinforced by the adoption of The Plan for North Lanarkshire.	
There is some good consultation with service users, but the arrangements for wider community engagement could be more effective.	There are still some good examples of community engagement taking place across the council, particularly in housing services, but wider community engagement could still improve. There is evidence of the council and its partners acting to address this.	
Continuous improvement		
The council demonstrates a commitment to Best Value and continuous improvement and has an ambitious and wide-ranging change agenda, though there is scope for the council to prioritise, articulate and coordinate it more effectively.	The council's current change agenda is ambitious. A transformation and digitalisation committee has been set up to prioritise, coordinate and retain oversight of significant change projects.	

Source: Audit Scotland

Recommendations

Revised strategies, policies and plans should be developed to deliver the programme of work that underpins the council's ambitious vision, based on its five priorities.

The council should implement the recently approved Performance Management Framework and reporting schedule to support the delivery of The Plan for North Lanarkshire and its scrutiny by members.

Performance information on the council's website should be kept up-to-date to improve accountability to the public.

The council should investigate and better understand the reasons for falling satisfaction levels within social care and whether they can apply learning from the high satisfaction levels in housing.

Workforce plans should be finalised to set out the current and future workforce requirements of the council and evidence how this supports other strategies.
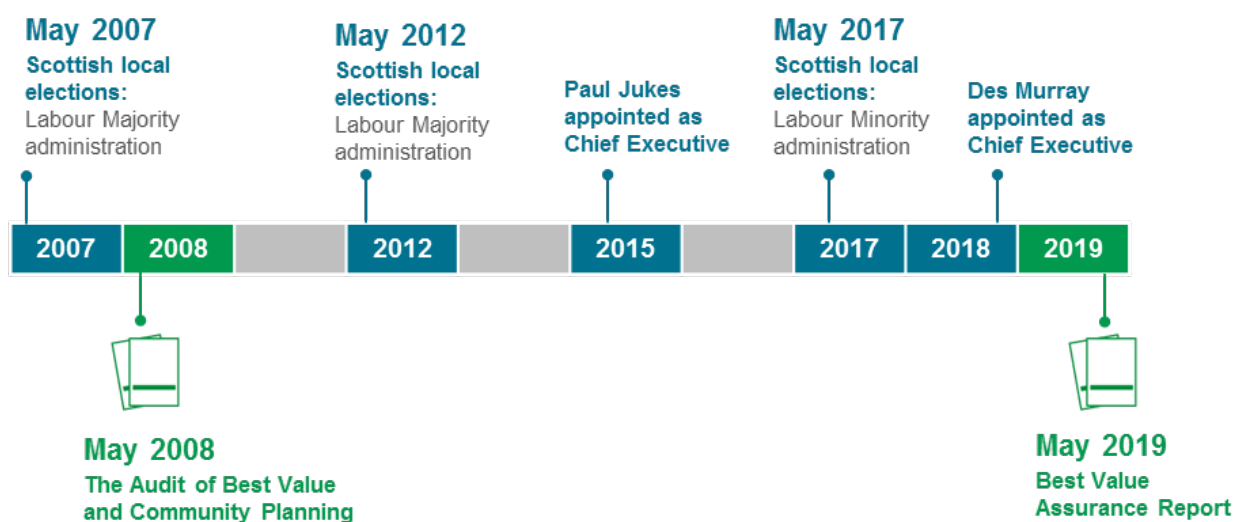
The council should complete the Investors in People programme as planned and determine how it will maintain staff engagement.

The council and its partners should develop locality plans for the 16 planning priority areas.

Improvement plans arising from self-evaluation exercises should include measurable actions and clear deadlines.

Appendix 1
Best Value audit timeline

Council journey

May 2007
Scottish local elections:
Labour Majority administration

May 2012
Scottish local elections:
Labour Majority administration

Paul Jukes appointed as Chief Executive

May 2017
Scottish local elections:
Labour Minority administration

Des Murray appointed as Chief Executive

| 2007 | 2008 | | 2012 | | 2015 | | 2017 | 2018 | 2019 |

May 2008
The Audit of Best Value and Community Planning

May 2019
Best Value Assurance Report

May 2008 – The Audit of Best Value and Community Planning:
The Accounts Commission found that North Lanarkshire Council demonstrated a strong commitment to improvement while recognising the low base from which the council started. It also appreciated the council's identification of areas where improvement was needed in service delivery.

May 2019 – Best Value Assurance Report:
The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on North Lanarkshire Council. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's Strategic Audit Priorities.

North Lanarkshire Council

AUDIT SCOTLAND

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